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|----------------|-----------|--------------|-------------|
| Algeria        | 5.50 Dhs. | Israel       | 5.00 NIS    |
| Austria        | 17 S.     | Italy        | 1,000 Lire  |
| Belgium        | 23 B.F.   | Japan        | 100 Yen     |
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ESTABLISHED 1887

## Progress Seen in Lebanon Talks Despite Artillery Duels

PLO's Political Chief Says '70% of Agreement' Is Complete; Premier Ends Boycott of Talks in Beirut

**Beirut** — Israeli forces besieging Beirut and Palestinian guerrillas trapped in the city fought fierce artillery and rocket duels Friday, but talks to end their mounting war appeared to be making some headway.

State-run Beirut radio said Israeli forces had shelled the city for the second time in three days, firing 5,000 rounds of artillery and 100 rockets. The PLO would prefer United Nations supervision of such a force, he said.

He said the PLO was also insisting on leaving Beirut with all its heavy and light weapons by the Damascus highway to Syria. "They were proposing that we go out by sea," he said. "But we have to take all our weapons."

The PLO also wanted international guarantees that Palestinian civilians left behind in Lebanon would not be persecuted, he said.

Asked how far the 70 percent agreement had covered those points, Mr. Kaddoumi said, "I think most of these points."

In another development in the negotiations, Mr. Wazzan drove Friday from his West Beirut office at the presidential palace in Baabda, outside Beirut, ending a five-day boycott of the talks.

Mr. Wazzan and Mr. Habib declined comment after their one-hour meeting, but the Lebanon-run radio said one new proposal they discussed was a half-mile Israeli pullback from the Damascus highway to permit the guerrillas to withdraw by land to Syria. A Syrian official said later that Syria would not accept PLO guerrillas.

Beirut radio quoted Mr. Wazzan as saying "many differences and difficulties remained, but many obstacles had been overcome." It said the premier hoped there would be concrete results soon.

Mr. Wazzan said in an interview on Lebanese television: "We are scaling one obstacle after another, but time is running out and there are supreme interests we have to save of which Lebanon is the foremost."

"Very few snags are left, but they are important to the expected launching of the operation designed to end the squeezing crisis we are undergoing," Mr. Wazzan said. "I hope that we shall arrive at a finalized agreement in an early follow-up of negotiations."

A Lebanese political observer, however, said there had been no substantive progress and that Mr. Wazzan was not optimistic about a peaceful solution to the crisis. The renewed fighting added to the pessimism.

Mr. Wazzan earlier had accused Mr. Habib of insisting that any U.S. peacekeeping force enter Beirut after the guerrillas withdraw, leaving the remaining Muslim civilians vulnerable to reprisals from Christian militiamen in East Beirut.

A key Lebanese mediator, Saeb Salam, said the PLO had dropped its demands to maintain a political and military presence in Lebanon.

Mr. Meese said Mr. Reagan was still prepared to send U.S. troops to Lebanon despite a warning from Leonid I. Brezhnev, the Soviet leader.

"I think you always have to take anything they say seriously," he said of the Brezhnev message. "But I don't think it is of a nature that would keep us from going ahead and trying to accomplish a peaceful solution in Lebanon."

Beirut radio said a number of people had been killed and wounded in Friday's barrage. One shell fell near the Beirut International Airport and wounded 12 Lebanese policemen, it said.

Residents said the guerrillas, who have been besieged in the capital for more than three weeks, fought back with rocket and machine-gun fire.

Both sides charged the other with opening fire. The Israeli military command reported seven soldiers wounded, one seriously. The Israelis said they returned the fire.

At dusk, the Israelis redoubled their bombardment and Beirut Radio said gumbos in the Mediterranean were involved. The guerrillas replied with an occasional salvo of rockets.

It was the fifth consecutive day of artillery and rocket duels in and around Beirut.

Israel Radio also announced Friday that Israel was holding 9,000 Palestinian captives in Lebanon. Earlier reports spoke of 6,000 Palestinian captives.

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## Reagan Reportedly Seeking Ways To Ease Ban on Siberian Pipeline

**Washington** — President Reagan is reportedly seeking ways to ease economic sanctions against Poland and the Soviet Union, including a scaling back of the ban on equipment for the new gas pipeline from Siberia to Western Europe, according to authoritative administration officials.

"We are not grasping at straws," an official said, "but we are looking for an opportunity to respond if the Polish and Soviet authorities do something or make any progress toward lifting martial law in Poland, resuming discussions with labor leaders or releasing political prisoners."

After the imposition of martial law in Poland in December, the United States applied sanctions against the Soviet Union because Washington believed that Moscow had been at least indirectly responsible for the crackdown.

Reconsideration of the U.S. position, according to officials, came after what they described as an explosive meeting of Cabinet-level officials in the White House on June 27, 10 days after Mr. Reagan announced that the ban on sale of oil and gas equipment to the Soviet Union was being extended to foreign companies under U.S. licenses.

**Heated Exchange**

Officials said William E. Brock, the U.S. trade representative, and others at the meeting said the decision had been a disaster for relations with Western Europe and would benefit only opponents of the United States.

The exchange became so heated that William P. Clark, the national security adviser, was said to have asked two staff members to put their notes on the table and leave his office.

The White House would begin scaling back the sanctions only if there was movement toward liberalization in Poland, the officials said, and the White House was trying to induce U.S. businessmen to urge the Western European leaders to press the Polish and Soviet authorities to make the first move.

In that way, the officials said, the White House could claim success of its sanctions, and the Western Europeans and Russians could go forward with the pipeline.

On July 2, an unidentified White House official said in a broadcast by Radio Free Europe that Western European encouragement of liberalization in Poland was "perhaps the fastest and surest way to relieve some of the tension within the alliance as well."

Administration intelligence experts on Eastern Europe say they believe that the sanctions have been working and that there is a chance the Warsaw authorities may use Poland's national holiday, July 22, to announce a softening of the alliance as well.

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A Palestinian refugee cleared away rubble in what had been a refugee camp outside Sidon in southern Lebanon. The camp was destroyed in fighting between Israeli and Palestinian forces.

## Syria Announces Refusal to Admit PLO Combatants

**Damascus** — Syria announced Friday that it would not accept the besieged Palestinian fighters from Beirut because they should continue their struggle for their legitimate rights.

A Syrian government spokesman made this statement in response to news reports about an American plan to transfer the estimated 6,000 Palestinian guerrillas from Beirut to Syria.

"The PLO has not suggested anything in this respect to us," the Syrian official declared.

"Syria in normal circumstances is a homeland for the Palestinians as well as all Arabs, but under the present circumstances, there is no possibility of moving the Palestinian fighters from Beirut to Syria because their normal place is where they are now, awaiting the return of their legitimate rights," the Syrian official spokesman declared.

The spokesman said, "What we understand is that discussions going on with the Lebanese government concern the siege of the PLO and of its apparatus, and not the PLO fighters."

Official sources pointed out that there are already about 250,000 Palestinian refugees in Syria as well as a constant flow of PLO leaders, but neither Syria nor any other of the Arab countries are ready to absorb the 600,000 Palestinians in Lebanon.

Also Friday, Morris Draper, a U.S. deputy assistant secretary of state, arrived here apparently to inform the Syrian government of details of the American plan for the PLO evacuation from Beirut and to try to win its support.

Syrian Information Minister Ahmad Iskander Ahmad expressed his government's bitterness Friday over the American plan, being negotiated in Beirut by the U.S. special envoy, Philip C. Habib, and Israeli and Lebanese authorities. He stressed that Damascus had not been consulted on the plan and declared that Mr. Habib had reversed the priorities.

"Efforts must be made to force the invading Israeli forces to withdraw and not the Palestinians," Mr. Ahmad said in an interview, emphasizing that otherwise the U.S. administration would appear to be "a vital partner to the Israeli invasion and annihilation of the Palestinians."

Syria's refusal to receive the Palestinian guerrillas must be seen in the context of this position, according to authoritative Syrian sources.

"Our brothers are always welcome but whether the fighters leave by sea or by road, the fundamental problem will remain, the question of Palestinian rights," an authoritative Syrian source explained.

Mr. Ahmad declared in the interview, "Before the Palestinians there are only two options: either to be thrown into the sea and swallowed by the sharks or to go back to their homeland, to Palestine. The only place for them is in Palestine."

Official sources stressed that the minister's remark should be interpreted as a rejection of the American plan.

Syrians resent the fact that Mr. Habib has not conferred with them about his plan, which necessarily involves Damascus. The plan not only calls for the evacuation of Palestinian fighters to Syria but also the withdrawal of all foreign forces, including about 60,000 Syrian troops.

## Tokyo, Under Pressure From U.S., Plans to Increase Military Spending

**Tokyo** — Japan, which has been under steady pressure from the United States to raise military spending, plans to increase its fiscal 1983 military budget by 7.34 percent, far ahead of other spending.

According to the announcement by government officials, the increase will raise the military budget to about \$10.76 billion.

The decision was reached Friday by the Finance Ministry, and the Defense Agency after months of difficult negotiations between the two departments.

Because of the recession, the government has been trying to cut spending by 5 percent in most departments for the fiscal year starting April 1, 1983. The decision to increase military spending appears to make the military the No. 1 priority in Japan for next year.

The increase is said to reflect concern over a Soviet arms buildup in the region, as well as U.S. requests for a bigger military effort by Tokyo.

Overall, the 1983 budget will rise by about 1.4 percent over 1982, to about \$128 billion, the Finance Ministry said. The budget, one of the most austere in years, is to be formally announced late this week in roughly the form decided Friday.

U.S. and Japanese officials welcomed the decision on the budget.

"We understand that this is only the initial stage in the budget process and that further increases, particularly in defense, are possible," said Marshall R. Louis Jr., a U.S. Embassy spokesman.

"I wouldn't say we are 100 percent happy," said a Defense Agency official. "However, the increase of 7.34 percent at a time when the government plans to cut spending on other departments by 5 percent indicates an awareness of Japan's national priorities."

Western diplomats and Tokyo officials appear to expect another small increase in 1983 budgeted arms spending when Premier Zenko Suzuki and his Cabinet give final approval to next year's budget at the end of 1982. Japan also increased military spending sharply last year, by about 7.75 percent.

Meanwhile, the government has almost completed work on a \$16-billion, 5-year plan for weapons purchases in the 1983-87 period. It is the biggest arms program yet for Japan, which ranks eighth in the world in spending on armed forces.

The program dovetails into the 1983 budget, which covers the first year of the first major military buildup in Japan since World War II.

U.S. officials appeared reasonably content.

Ambassador Mike Mansfield has told visitors that Japan already increased spending on the armed forces more rapidly than any industrial nation in the 1970s, raising military budgets at an average annual rate of about 8 percent.

The U.S. envoy also has said that the United States raised budgets for the armed forces by 2 percent during the same period and the NATO allies by less.

The decision to give priority to the armed forces reflects mounting concern in the governing Liberal Democratic Party over Soviet military activities in the region, Japanese officials said.

"It is a matter of especially serious concern to us that the Soviet Union has continued to build up its military forces in Asia and the Far East," Mr. Suzuki said in a recent speech at the East-West Center in Hawaii.

"The increased activities of Soviet forces in the water around Japan have heightened the apprehension of our people," he said. He repeated Japanese objections to the Soviet occupation of four islands off Hokkaido since 1945 and a recent Soviet military buildup there.

Since he took office in mid-1980, Mr. Suzuki, who initially strongly opposed marked increases in military spending, appears to have changed his thinking despite the recession. He is increasing military spending now despite opposition from business leaders who have called for a 10-percent cut in the 1983 budget to reduce this year's deficit of \$40.5 billion.



Zenko Suzuki

## U.S. Sees Signs of Committee Rule in Place of Brezhnev

**Washington** — Diplomatic messages from the Kremlin to President Reagan during the Lebanese crisis indicate that the Soviet government "is now being run by committee" rather than by President Leonid I. Brezhnev, a White House official said Thursday.

That judgment, by and large shared by State Department officials relying on other evidence besides the cables on Lebanon, has led to an informal debate within the administration about how U.S. policy should respond to the situation in the Kremlin.

Both White House and State Department officials predicted that there would be "stability and continuity" in Soviet foreign policy during the transition of power from Mr. Brezhnev, now 75 years old and increasingly enfeebled, to a new titular leader.

As a result, however, the United States may be tempted to tailor its policies to take advantage of the situation in the belief that committee rule is slow, cumbersome and seldom forceful.

Two reactions appear to dominate U.S. thinking on the issue:

One is relief that the Soviet Union is unlikely to be in an "adventurous mode" for some time, as a State Department official said. Although the United States cannot use the opportunity to change policies that affect the Soviet Union directly or indirectly, it can be less worried about possible Soviet reactions to U.S. policies already being pursued, he said.

The other view is that "this is not the time to negotiate seriously from Moscow," another State Department official said. A Kremlin run by consensus will not be able to make significant new concessions, as would be necessary for a new strategic arms agreement, "so it's silly to put our real cards on the table," he said.

A State Department official asserted that the United States has not attempted to directly exploit the Kremlin leadership situation.

But a former National Security Council aide suggested that the Reagan decision in principle to send U.S. Marines into Lebanon was made easier by the belief that it ran little risk of a Moscow military response.

Moscow's critical public statement about the Marines, issued over Mr. Brezhnev's name, was considerably milder than the Soviet Union issued during the 1973

Midwest war. With Israel poised to crush an Egyptian army, the Soviet Union threatened to send in their own forces if Washington did not stop the Israelis.

The most recent Soviet statement only cautioned that if U.S. troops do go in, "the Soviet Union will construct its policy in accordance with this fact." This perfunctory warning, which is the public version of the latest Kremlin message to the White House, is the strongest issued by the Russians on the Lebanese crisis.

**White House Perception**

The White House perception of the Kremlin's present leadership problems takes on increased significance in the absence of a U.S. secretary of state, which was created by the sudden resignation June 25 of Alexander M. Haig Jr.

In the interim, until the appointment of Secretary-Designate George P. Shultz is confirmed by the U.S. Senate, the State Department's voice is considerably weaker in arguing any diplomatic disadvantages to the harder-line foreign policy coming from the White House in recent weeks.

Undersecretary of State Lawrence S. Eagleburger, for example, was unable to present State Department objections to the new trade sanctions on the Soviet natural gas pipeline to Western Europe as forcefully and insistently as Mr. Haig could have done if he had been present, officials said. Presidential aides can more easily carry the day as a result.

**Growing Evidence**

The evidence that the Kremlin is being run by committee has been growing for some time, State Department officials said. The evidence was initially based on the physical condition of Mr. Brezhnev, whose illnesses, including severe hardening of the arteries, make him appear considerably older than his age.

More recently, Moscow announced that Mr. Brezhnev would be going to the Crimea for his summering vacation but, unlike in the past, would be receiving no East European leaders.

The White House official said that the Soviet cables on Lebanon exhibited the kind of equivocation — a soft line followed by a harder line, for example, along with an inconsistent emphasis of priorities — that is the stamp of a group consensus rather than an individual strong point of view.

"If you think of the Kremlin today as a family business," a State Department analyst said, "Brezhnev is the old grandfather who founded it and is still chairman of the board. But he's good only for maybe two hours of work a day."

### INSIDE

■ Among U.S. economists and legislators, this year's phenomenon is the flat-rate income tax — an idea for radical changes in the tax law that President Reagan has said he finds attractive. An explanation of the idea and how it would work. Page 3.

■ OPEC will maintain its restraints on output, Iraq's oil minister said, and Venezuela's minister said all members of the cartel must respect the curbs as the organization met in Vienna. Page 9.

■ Most portraits appear to be suspended in a hazy zone between art and life, belonging fully to neither. Why these portraits lurk in limbo, why others do not, and other reflections on portraits, both painted and photographed, are in Weekend. Page 5W.

## Russia Denies Visas to 2 in Move to End Hunger Protests

**Moscow** — Soviet authorities, moving to halt the practice of staging protest hunger strikes, announced Friday that they have refused exit permits to two Russians fasting to win the right to join their American wives.

Both Yuri V. Balovenkov and Sergei I. Petrov vowed to continue their fasts to the death.

In an unusual move, Sergei Fadyeyev, deputy chief of the Soviet visa office, invited foreign correspondents to his headquarters and also to accuse the U.S. Embassy in Moscow of having encouraged protests by Soviet citizens.

Mr. Fadyeyev specifically mentioned a luncheon last December for 20 Russians seeking to join their spouses in the United States and hosted by the U.S. ambassador, Arthur H. Hartman.

Speaking about contacts between the fasting Russians and American diplomats and journalists here, Mr. Fadyeyev said: "No one objects to contacts, help and support, but in this case, if to judge by events here and publications in the West, they have special purpose not at all friendly to the Soviet Union and amounting to direct interference in its internal affairs."

The U.S. chargé d'affaires, Warren Zimmermann, lodged a protest with the Soviet Foreign Ministry later Friday rejecting Soviet charges and reminding it that the Soviet Union is a signatory of the 1975 Helsinki Final Agreement that specifically includes provisions calling for government efforts on family reunification matters.

A spokesman for the embassy, Franklin Tonini, said the United States would continue to show interest in and concern for spouses of American citizens.

Mr. Petrov, 29, was in his 38th day of a protest fast on Friday. Mr. Balovenkov, 33, ended a 43-day hunger strike on June 21 after being promised an exit visa but began another five days ago in protest over slow bureaucratic procedures.

The decision not to grant their visas was described by Mr. Fadyeyev as being motivated by "reasons of state."

He said the refusal was temporary and asserted that the wives of the two men could come to live in Moscow for the next six months. At the end of that time, he said, the two men could re-apply for emigration and "we are ready to re-examine their statements if possible favorably."

Mr. Petrov, a free-lance photographer whose wife, Virginia H. Johnson of Roanoke, Va., is a law student in North Carolina, said, "We will see who is more stubborn."

Mr. Balovenkov is a former computer programmer whose wife, Elena, is a staff nurse for a Baltimore city hospital. The couple's 2-year-old daughter lives with her mother.

Mr. Balovenkov began his first hunger strike May 10 along with four other Soviet citizens seeking to join their foreign spouses. Initially, the authorities yielded by allowing one of them, Andrei Frolov, 51, to join his wife in Chicago. Another member of the group, Iosif Kibitsky, 36, has received a visa to join his West German wife.

Two women hunger strikers, Tatyana Lozansky, 29, whose husband is in the United States, and Tatyana Azare, 29, married to a Frenchman, have been promised permission to emigrate and have abandoned their protest.

During the press conference at the Soviet visa office, Mr. Fadyeyev asserted that the luncheon for the 20 Russians last December had led to a joint action by the group and presumably to hunger strike protests.

He produced a letter written by the father of one of the Russians at the luncheon, Tatyana Rubin, 25, which accused the U.S. ambassador of interference "in family matters and Soviet internal affairs."

Mr. Fadyeyev also said that Mrs. Rubin had not applied to emigrate to join her husband in the United States. The U.S. Embassy spokesman, Mr. Tonini, however, said the U.S. consular section has an application filed by Mrs. Rubin "stating her desire to go to the United States." Mr. Tonini would not disclose the name of her husband.

Diplomatic sources here said Moscow seemed to have decided to take a firm stand on the issue to prevent several would-be emigrants to resort to hunger strikes to press their cases.

## Social Pressures Bring Deception In China Census

**PEKING** — Many Chinese women are claiming to be older than they really are in the nation's census because they do not want to be forced to use birth control, according to a Canton newspaper.

Chinese couples are encouraged to have only one child in order to control China's population, estimated at 1 billion. But there is widespread opposition.

The Southern Daily newspaper also said that teen-agers who had found potential spouses were claiming to have reached the legal marriage age of 22 for men and 20 for women, while unmarried people in their late 20s were pretending to be younger so as to be more likely to find a spouse.

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# New Folk Heros Are Emerging Among Afghan Guerrillas

By Stuart Auerbach  
Washington Post Service

PESHAWAR, Pakistan — New national folk heroes are emerging from among Afghans challenging the power of the highly politicized rebel organizations here who are believed by guerrillas in the field to spend more time battling each other than the Soviet forces.

These new heroes include men such as Ahmad Shah Massoud, known as the "Lion of the Panjshir" for his exploits in beating back five Soviet attacks in 18 months on his strategic stronghold in the Panjshir Valley, and Abdul Haq, commander of urban guerrillas who make the streets of the Afghan capital of Kabul unsafe for supporters of the Moscow-installed government of Babrak Karmal.

"They are demonstrating leadership where there is not much shown here," said a long-time observer of rebel activities in this city near the Pakistan-Afghan border.

He predicted that the strength of the refugee organizations would lessen with the growth of a new leadership within Afghanistan. The groups in Peshawar are

split into two loose federations, one made up of Islamic fundamentalists and the other considered more moderate.

The new leaders are developing a following within the country as reports of their victories are passed by word-of-mouth from village to village. Their fame has reportedly spread far from their centers of operation.

Mr. Massoud, 28, a former engineering student, is the best known of them because his Panjshir Valley base, 40 miles (64 kilometers) northwest of Kabul, has become a major target for the Soviet-led forces.

He appears to have repulsed a fifth major attack that started in May by first drawing a strong force of Soviet and Afghan government troops deep into the 70-mile-long valley and then ambushing them from its rugged mountainsides. Reportedly, the Soviet-Afghan forces suffered heavy casualties, although the fighting is still going on.

Mr. Massoud has mastered the techniques of guerrilla warfare so well that other rebel bands send men to the Panjshir for training.

One of Mr. Massoud's protégés, another former engineering student in his late 20s known as Zabihullah, has gained a reputation of his own for operations in

the northern Afghan province of Balkh, on the Soviet border, where government officials reportedly fear to leave their protected enclaves.

Sayed Jagram is another local leader who is becoming known across Afghanistan. He runs a force that operates in the central Afghan provinces of Ghazni, Wardak and Bamian, where the government has little control.

According to reliable sources, more than a half-dozen other local guerrilla commanders are seen as potential future leaders of Afghanistan if Soviet forces are ever forced to leave. These leaders are described as having risen through merit, not because of inherited tribal positions. They are also described as not being dominated by Islamic religious leaders, even though they are devout Muslims.

Furthermore, they are beginning to help each other in a way that has not been seen before in the Afghan movement against the Kabul regime. "They are forging a new nationalism on Afghanistan," said a diplomat based in Pakistan.

Beyond that, though, they have become a counterforce to the Peshawar-based political organizations,

whose leaders rarely venture into Afghanistan and who have become largely discredited because of constant bickering that sometimes leads to armed combat.

These internal feuds have worsened the already strained relationship between the political groups here and the fighters in Afghanistan who reportedly are complaining that they are not getting their share of money and weapons flowing into Peshawar.

This is the only hold the political figures here have over men such as Ahmad Shah Massoud, Zabihullah and Abdul Haq. The political organizations appear to be far better off financially than they were 18 months ago.

The political leaders spend most of their time traveling to friendly Western and Arab nations in search of funds. It is unclear where the weapons are coming from, although the U.S. Central Intelligence Agency has reportedly been involved in supplying arms.

While unity continues to elude the many rebel organizations here, they have shaken down into two main groups having the same name — the Islamic Unity of Mujahidin of Afghanistan.

## WORLD BRIEFS

### Solidarity Halts Warsaw Broadcasts

WARSAW — Solidarity activists said Friday that they had suspended underground radio broadcasts from Warsaw because of jamming by the government, the arrest of their announcer and the seizure of a transmitter.

The activists said that clandestine broadcasts from Poznan and Gdansk would continue and leaflets would be distributed when the Warsaw programs resume. "Police action which took place June 8 resulted in seizure of one of the transmitters working in Warsaw," members of the Radio Solidarity staff said in a clandestine press release to members of the Western press.

They said "intensive jamming made it necessary to suspend Radio Solidarity activities in Warsaw for the time being." The broadcasts, beamed every Sunday during the last seven weeks, could barely be heard, apparently because of the loss of the transmitter. On Monday, the Solidarity announcer, Irena Romanewska, was arrested.

### British Rail Threatens to Shut Down

LONDON — British Rail Friday threatened a total shutdown of its entire 11,000-mile (17,600-kilometer) network, and the worst traffic jams of Britain's six-day rail strike clogged roads into London on the hottest day of the year.

British Rail said it would close down more than twice the number of trains that would be needed to report for duty by Monday or Tuesday so it can operate about 25 percent of normal passenger service. Otherwise, the state-owned railway said, it will halt all trains.

The railway is now operating at about 10 percent normal capacity. It appealed to striking engineers, who are protesting the introduction of flexible work schedules, to return to work. The striking union contends the new work shifts will mean layoffs, but British Rail said "the only immediate threat to jobs is the strike itself."

### Mitterrand Doubtful on Soviet Talks

BUDAPEST — President François Mitterrand of France said Friday any new French-Soviet summit would not be possible unless the Kremlin made "more than symbolic measures" in international relations.

Mr. Mitterrand, ending his first visit to a Communist country since his election last year, said he saw no immediate prospect of a meeting with Soviet President Leonid I. Brezhnev.

Speaking at a news conference at the end of a two-day visit to Hungary, Mr. Mitterrand said his talks in Budapest showed France could continue a dialogue with East bloc states while maintaining "a clear and firm stand" on its principles.

### Heat Wave Grips Southern Europe

ROME — A heat wave gripping southern Europe for 12 days was easing a bit Friday in Italy and Greece as temperatures dropped below 100 degrees Fahrenheit (38-degree Celsius). There was rain in Athens.

In Spain, temperatures remained in the 100s, with a reading of 104 degrees recorded in Madrid, but scattered thunderstorms were forecast for the central part of the country. The highest temperature in Italy was 91, recorded in Palermo, Sicily.

Forest fires were reported in Tuscany, including the hill town of Fiesole outside Florence, and in the central region of Arezzo. Water was rationed in Calabria in southern Italy. Authorities said a young man in Calabria died in his car Thursday night, a victim of heatstroke. The Madrid temperatures were the third straight day of readings above 100 degrees.

### Judge Dismisses Suit by Ex-FBI Chief

WASHINGTON — A federal judge Friday dismissed a \$29-million damage suit filed by former acting FBI Director L. Patrick Gray Jr., who contended that top Justice Department officials maliciously prosecuted him on a conspiracy charge in 1978.

The charges against Mr. Gray, which stemmed from break-ins at homes of friends and relatives of opponents of the Vietnam War, were dropped nearly three years later.

U.S. District Judge John L. Smith ruled that two former attorneys general and 14 current and former Justice Department lawyers named as defendants were immune from civil suits resulting from their duties in presenting cases to a grand jury.

### Asians Skeptical of Vietnam Pullout

BANGKOK — An offer by Vietnam to withdraw some of its 180,000 troops from Cambodia has been received with skepticism in Southeast Asian nations, and China denounced the Vietnamese overture as a trick.

A military spokesman in Thailand warned Thursday that the move might only be a subterfuge to allow Vietnam to remove battle-weary soldiers and replace them with fresh troops.

In Peking, the Chinese news agency called for a full withdrawal of the Vietnamese forces that have occupied Cambodia for 3½ years to keep the pro-Hanoi government in control. The agency said the partial pullout offer is "a trick" to deceive world public opinion and extricate itself from its predicament.

### Ethiopia Denounces Kemp Remarks

WASHINGTON — An official of the Ethiopian Embassy on Friday denounced as slanderous remarks by Rep. Jack F. Kemp, Republican of New York, criticizing Ethiopia's Marxist government.

Rep. Kemp had warned that if the State Department sought to spur the deportation of Ethiopian exiles living in the United States, this could lead to imprisonment or possible death for many of them once they returned to Ethiopia.

The New York Republican also called the Ethiopian government "one of the most barbaric in the world," contending that it has tortured and killed thousands of people, including children. Reacting to pressure from Rep. Kemp and other members of Congress, the State Department recently reversed its policy and took steps to urge that some 15,000 Ethiopian exiles be allowed to remain in the United States rather than face deportation hearings.

### Reagan Rejects Treaty on Sea Law

WASHINGTON — President Reagan said Friday that the United States will refuse to sign the international treaty on the Law of the Sea because of objections to its provisions governing deep-sea mining.

Mr. Reagan, in a statement issued here, said the United States will continue to participate at a "technical expert level" in negotiations on other portions of the treaty, including those permitting free access to the high seas and ocean straits to international navigation.

"These decisions reflect the deep conviction that the United States cannot support a deep-sea mining regime with such major problems," Mr. Reagan said in the statement.

Compiled From Agency Dispatches

## Israel Dismisses Mayor In Occupied Gaza for 'Anti-Israel' Activities

By Edward Cody  
Washington Post Service

JERUSALEM — The Israeli Defense Ministry on Friday dismissed the mayor of the occupied city of Gaza. It was the third such dismissal since the Israeli invasion of Lebanon.

Rashid Shawa was removed from office for what the ministry's civilian administration called "clearly anti-Israeli activities" in dealing with the Palestine Liberation Organization.

Only Mayor Elias Freij of Bethlehem remains in power from among the top echelon of political leadership in Arab territories occupied by the Israeli Army since the 1967 Middle East war, and he recently threatened to resign.

[The police said Friday they detained 10 demonstrators after Arab youths leaving the Temple of the Mount complex in East Jerusalem threw rocks, injuring a soldier and damaging a police van, UPI reported.] Friday's dismissal, which followed by three days that of Mayor Shawaq Mahmoud of Jenin, underscored Defense Minister Ariel Sharon's determination to rid Gaza and the West Bank of nationalist Palestinian leaders and replace them with appointed officials more amenable to cooperation with Israeli occupation authorities.

### Invasion, Crackdown Linked

The invasion of Lebanon, Israeli officials have indicated, is linked to that effort. Without the PLO to encourage opposition and threaten those who cooperate, they say, Israeli occupation authorities could more easily find friendly Palestinians.

This is particularly important in light of the Camp David talks on Palestinian autonomy between the United States, Israel and Egypt. "No West Bank or Gaza Palestinians have been willing to consider the type of autonomy under discussion in the long-interrupted negotiations. Moreover, if the talks fail, Israel has indicated it would consider imposing its own version of autonomy and would need cooperative Palestinians to work under it."

Even before the June 6 invasion of Lebanon, the imposition of what the Defense Ministry calls a civilian administration under Menachem Milson, a reserve officer, had led to a crackdown that included dismissals of the mayors of Nabulus, El Bireh, Ramallah and several smaller towns.

Before that, Mayors Mohammed Milhem of Jabbul and Fawad Qawasmeh of Hebron were expelled to Lebanon. In the last three weeks occupation authorities have replaced the leader of the city council in Rafah, another Gaza town, in a controversy.

### Nixon, Thatcher Meeting

LONDON — Former President Richard M. Nixon, in Britain on a private visit, spoke for an hour Friday with Prime Minister Margaret Thatcher, later telling reporters that she was a "very impressive woman."

generated in part by the return of the Sinai that split the town between Egypt and Israel.

Bassam Shaka, the dismissed mayor of Nabulus, said: "They are trying to prevent any expression of our national will and our interests. But we will persist in carrying out the policies of our people."

Mr. Shaka and Karim Khalaf of Ramallah, who were dismissed in March, have attempted to remain active politically. But deprived of an official platform and restricted in their movements by Israeli soldiers, their effectiveness has diminished sharply.

Both were elected in municipal elections in 1976 that swept a group of PLO supporters into office in major West Bank towns. Mr. Shawa, although appointed separately and given to moderate language, was considered part of that group.

Brig. Gen. Youssef Lunz, head of Gaza's civilian administration, called in Mr. Shawa three days ago and told him to cease all contacts with the PLO. In reply, Mr. Shawa sent a letter refusing to abide by the general's warning.

Military sources in Gaza said several Palestinians were willing to take Mr. Shawa's job. The appointment of a new mayor in Jenin on Tuesday marked the first time Israeli authorities had found a Palestinian replacement for a dismissed mayor.

## Israel Reveals Contingency Plans To Spend the Winter in Lebanon

By David K. Shipler  
New York Times Service

JERUSALEM — The army's deputy chief of staff has said that Israeli forces in Lebanon were making logistical preparations to stay through the winter if necessary.

Speaking in an interview on the army radio, Maj. Gen. Moshe Levy stressed Thursday that the preparations were not necessarily indications of intention, but that the possibility of a long-term deployment had to be taken into account in planning.

The Israeli radio reported that the army was building new paved roads, moving bases from hilly to flat terrain and installing water pipes. The army was said to be building a prison camp for Palestinian detainees near Nabatiye, with barbed-wire fences, guard towers and earthen walls. Israel has taken nearly 6,000 prisoners during the war, many of them from this country.

"The organizational aspect obliges us to prepare for a long time ahead, not just for days," Gen. Levy explained on the army radio. "Because of the difficult winter expected there, we must begin now because the winter starts at the end of August or the beginning of September. So we are planning on the assumption that we will remain during the winter and perhaps longer."

The planning is based on the calculation that even if the Palestine Liberation Organization leaves Beirut, as Israel has demanded as a condition for lifting its siege of the capital, it will take



PLO MORALE — Yasser Arafat, leader of the Palestine Liberation Organization, talked to two guerrillas in West Beirut. The picture was released by the organization on Friday. The caption said: "The morale of the fighters is at its highest."

months to establish an effectively policed security zone extending 25 miles (40 kilometers) north of the Israeli-Lebanese border.

The creation of this zone was the original reason given by the Israelis for the invasion of Lebanon. Israel wants a multinational force or the army of a strong Lebanese government to make sure the zone stays free of PLO guerrillas.

As Israeli officials have moved more deeply into the internal affairs of Lebanon's politics and internal factions, they have gained considerable appreciation of the difficulty of establishing a strong central government.

Some officials are talking tentatively about a very long-term Israeli presence in the southern part of the country in the form of patrols or outposts in cooperation with whatever government or Christian militia comes to power in the region.

In addition, the Israelis are bracing themselves for possible friction with their allies, the Christian Phalangists, over the fate of the 500,000 Palestinians the Israelis estimate live in Lebanon.

Pierre Gemayel, the father of the Phalangist leader Bashir Gemayel, was quoted Thursday by the Israeli radio as advocating the expulsion from Lebanon of all the Palestinians. The objective would be to alter Lebanon's demographic picture in favor of the Christians over the Muslims, and to eliminate refugee camps in which renewed leftist and guerrilla activism could develop.

An Israeli official said, however, that the Israeli government was opposed to such an expulsion.

### Support for Israel

PARIS (Reuters) — The World Jewish Congress representing organized communities in 60 countries, expressed full support Friday for what it said was Israel's struggle to achieve peace and security.

In a resolution passed at the end of a two-day meeting of its executive committee, the Congress said Jews of the world believed Israel's military operations in Lebanon were not in pursuit of conquest but an act of self-defense.

At the same time, the resolution expressed hope that the crisis could bring a solution to Middle East problems providing for the realization of the legitimate rights of the Palestinian people "as well as security for Israel."

The declaration did not elaborate on this phrasing, but diplomats said it was unlikely to be welcomed by Israeli leaders who insist that Palestinians have a state in Jordan and who decline to talk with the Palestine Liberation Organization.

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## Reagan Is Said to Seek Easing of Pipeline Ban

(Continued from Page 1)

marital law without appearing to have succumbed to U.S. pressure.

A White House official said the June 27 meeting in Mr. Clark's office was not intended to challenge the president's decision on extending the U.S. sanctions but to find ways of reconciling the policy with other matters, such as continued U.S. grain sales to the Soviet Union.

Several other officials said Mr. Reagan was looking for signs of relaxation from Poland, such as eased restrictions on newspapers or the release of Lech Walesa, the leader of the Solidarity trade union, or permitting Pope John Paul II to visit the country.

Almost since the beginning of his administration, Mr. Reagan has sought ways to block or delay the construction of the pipeline that will carry natural gas from Siberia to Western Europe.

One of his concerns was that Western Europe would become dependent on Soviet energy supplies, even though projections showed that the pipeline would not exceed 5 percent of Western Europe's total energy requirements.

Of greater concern was the fact that the Soviet Union would ultimately earn about \$10 billion a year in foreign exchange from its gas sales and would use the money to buy Western technology and, in the U.S. view, spur the Soviet military effort.

### Haig Opposed Sanctions

To the Western European leaders, faced with growing unemployment and eager to be less dependent on Middle East oil, the Soviet gas supplies have become vital.

Former Secretary of State Alexander M. Haig Jr. and his department, with support from the Treasury, the Commerce Department and the Agriculture Department, were opposed to the sanctions against the pipeline. They said U.S. pressure would harm relations with Western Europe without blocking the project.

Nonetheless, when Poland imposed martial law in December, Mr. Reagan ordered an array of sanctions, including a prohibition of U.S. companies sales of oil and gas equipment to the Soviet Union.

There matters stood until Mr. Reagan went to Versailles in early June for an economic meeting with other leaders of the principal industrial democracies.

A number of participants understood from those talks that the United States would take no further action against the pipeline if the Western European countries would agree to limit credit subsidies to the Soviet bloc. It was not clear whether Mr. Reagan himself had agreed to or had understood this arrangement.

After a communiqué had cited the agreement on credit subsidies, President François Mitterrand of France publicly stated that it would not have any practical effect on his policy.

Mr. Reagan also received reports that Chancellor Helmut

Schmidt of West Germany was telling his colleagues and journalists that the language on limiting credits was a sop to Mr. Reagan's sensibilities.

According to administration officials, the president felt betrayed, not only by the Western Europeans, but also by the U.S. State Department, which he felt had not been vigorous enough in negotiating these issues.

He called for a meeting of the National Security Council on June 18 and decided to close the loophole in the earlier sanctions by extending them to Western European companies operating under U.S. licenses.

It was generally acknowledged that Mr. Reagan had made his decision even before the June 18 meeting, and the White House took the unusual step of announcing the decision only hours after the meeting, thus allowing little time to notify the Western Europeans.

### European Reaction

The reaction from Western Europe was predictably harsh. Prime Minister Margaret Thatcher of Britain said it called into question the reliability of the United States as a trading partner and the Board of Trade said it might forbid British companies from complying with the U.S. ban.

At the meeting in Mr. Clark's office on June 27, Mr. Brezhnev reportedly said that the Western Europeans felt they had been double-crossed and that the decision had been made without warning and without consultation.

Raymond Waldmann, assistant secretary of commerce, said the Reagan administration was considering further tightening trade sanctions against the Soviet Union if the situation in Poland did not improve in the next six months.

However, he said he was optimistic there would be improvements soon that would enable the United States to modify its sanctions.

### Schmidt Defies Sanctions

THE HAGUE (Reuters) — Chancellor Schmidt said Friday that Western Europe would go ahead with plans to build the gas pipeline despite possible damage to relations with the United States.

"We will stick to the agreements our firms made with the Soviet Union and so will France and Britain," Mr. Schmidt said at a news conference at the end of a two-day visit to the Netherlands. "This will create some irritation in our relations with the U.S., but that will have to be overcome."

Mr. Schmidt, making the first official visit by a West German chancellor to the Netherlands in 18 years, said he had agreed with Premier Dries van Agt that all means should be used to end friction between Western Europe and the United States.

"There is no reason for Europe to minimize its own interests, but a world power like the U.S. has a more widely ranging interests than Bonn or The Hague," he said.

## Fijian Election Strains Fragile Racial Balance

The Associated Press

SUVA, Fiji — The delicate racial harmony between Fijians and Asians is under increasing strain as this tiny South Pacific island nation prepares for its fourth general election since independence from Britain in 1970.

The contest for the 52 parliamentary seats in an election that started Saturday and runs for nine days is basically along racial lines. The governing Alliance Party, which has held office since independence, gets most of its support from the native Fijians, descendants of the original Melanesian warriors who earned Fiji its original name, the Cannibal Isles.

The opposition National Federation Party gets the bulk of its support from the Indian community, originally brought by the British to work the sugar plantations.

The Fijians make up only 46 percent of the population of about 650,000. The Indians make up 50 percent. Europeans and others make up the remainder.

The Indians dominate commerce and government service. But the Fijians own 83 percent of the 7,000 square miles (18,200 square kilometers) of land on the nation's 300 scattered islands.

The Alliance Party is led by Ratu Sir Kamisese Mara, 62, the current prime minister and a British-educated Fijian who is recognized as an elder statesman of the South Pacific. His opponent is Jai

Ram Reddy, 45, a Hindu leader who has led the National Federation Party for five years.

Few political observers care to pick the results of the election, whose outcome is expected July 18.

### Surprise Defeat

In an election in 1977, the Alliance Party unexpectedly won only 24 seats, the National Federation won 26 and two were taken by Fijian independents.

The defeat was attributed to the emergence of the Fijian Nationalist Party which campaigned on a platform of "Fiji for the Fijian" and a call for the deportation of Indians. It took almost a quarter of the votes that normally go to the Alliance Party.

Because of a leadership struggle and nervousness about trying to govern without a clear parliamentary majority, the National Federation Party was unable to form a government.

Sir Kamisese was appointed leader of a minority government that ruled for six months before another election swept the Alliance Party back to power, with 36 seats and only 15 for the National Federation.

The present campaign is further confused by the continued role of the Nationalist Party and by the emergence of a small Fijian party, the Western United Front, which has said it would enter a coalition with the Indians.

## Friend of Cardinal Says She Will Sue Paper in Chicago

The Associated Press

CHICAGO — Helen Dolan Wilson, a central figure in the investigation of the late Cardinal John P. Cody's handling of church funds, will sue the Chicago Sun-Times for libel, her lawyer has said.

A U.S. attorney, Dan K. Webb, announced Tuesday that the government's investigation of allegations that Cardinal Cody diverted up to \$1 million in church funds to Mrs. Wilson had ended without indictment. At a news conference Wednesday, Mrs. Wilson's attorney, Leonard M. Ring, accused the newspaper of "reckless disregard for the truth" in its series of stories about the cardinal.

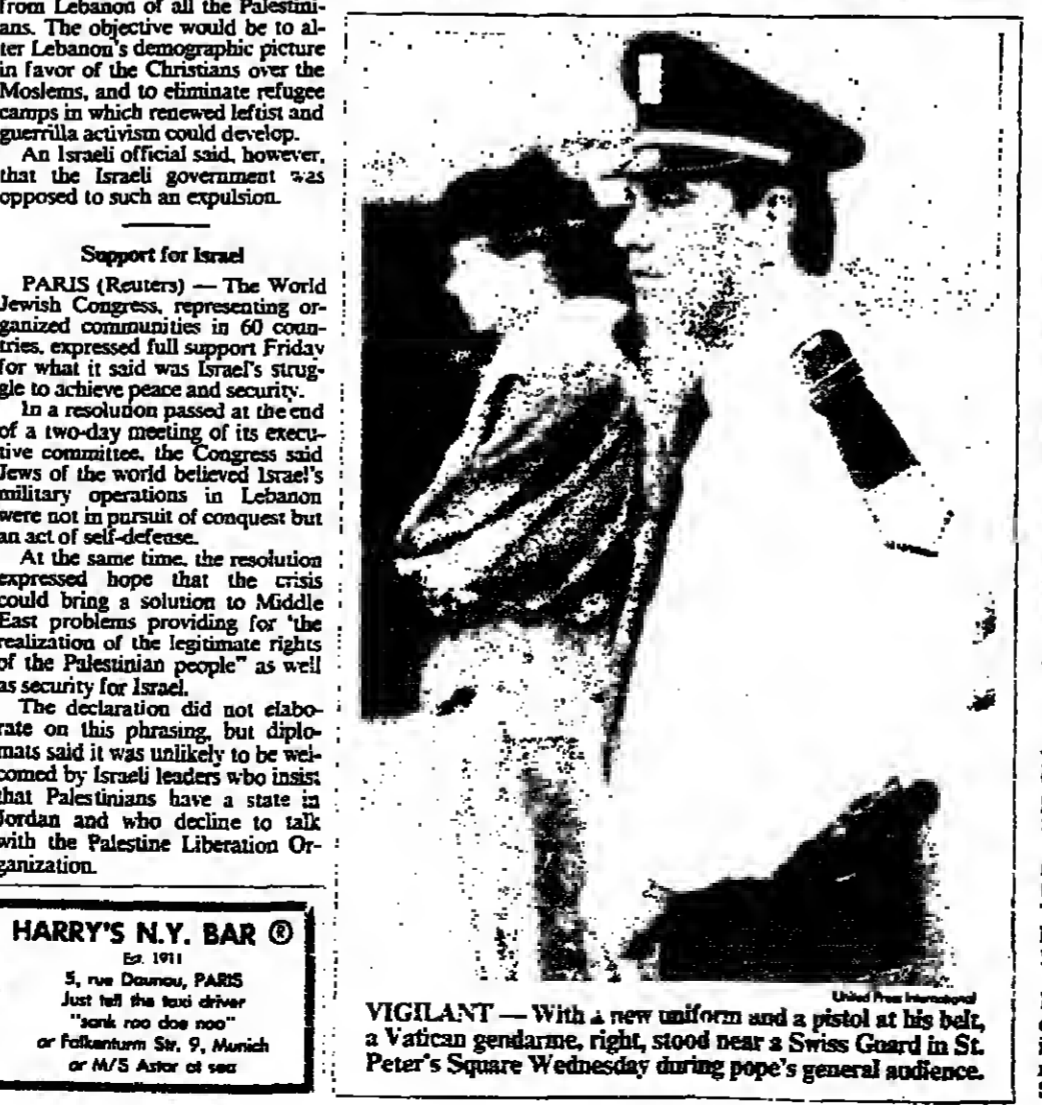
Ralph Ottwell, editor of the Sun-Times, said the newspaper would not comment on litigation threatened or pending. Mrs. Wilson could not be reached for comment.

Mr. Ring said the Sun-Times wrongly implied that Mrs. Wilson was the cardinal's mistress and incorrectly reported financial arrangements involving the two. Her lawyer said Mrs. Wilson had been forced to hide in her apartment to avoid reporters and wear wigs when she went out in public.

"We're saying nothing at all about any evidence or lack of evidence regarding Cody," said an assistant U.S. attorney, Jeremy Margolis. "You can't prosecute a dead man." "You can't indict a dead man."

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VIGILANT — With a new uniform and a pistol at his belt, a Vatican gendarme, right, stood near a Swiss Guard in St. Peter's Square Wednesday during pope's general audience.

هكذا من الأهل

# 'Flat-Rate' Income Tax Reform Wins Support Across the U.S. Political Spectrum

By John M. Berry  
Washington Post Service

WASHINGTON — In 1980 and 1981, supply-side economics swept through the land. This year's phenomenon is the flat-rate income tax.

As was the case with supply-side economics, there is no precise definition of what a tax scheme must include to carry the flat-rate label. The proposals that have emerged this year are as varied as their supporters, who cover most of the political spectrum.

In its purest form, a flat-rate income tax includes a comprehensive definition of income and no deductions whatsoever. All income would be taxed at the same rate rather than at a rising rate as income went up, as at present.

The broadest proposal for change, from Robert Hall and Alvin Rabushka of the Hoover Institution, would tax both personal and business incomes at a flat 19-percent rate, except that capital gains and payments of dividends and interest by business to individuals would not be taxed at all.

Why should such a radical proposal attract so much attention? After all, it scrapes entirely the principle of the ability to pay that has been a part of the nation's income tax structure for the nearly 70 years it has been in existence.

Not only would tax rates not rise along with incomes, but deductions such as for unusually large medical expenses, which were justified originally on the grounds they affected a taxpayer's ability to pay, would also be dropped.

The answer seems to boil down to a growing feeling among the American public that the present income tax system is unfair and too complex, and that wealthy individuals routinely escape paying what they should because of loopholes. Moreover, most backers of a flat-tax approach argue it would greatly enhance economic growth by eliminating the influence of tax consequences on investment decisions and by lowering marginal tax rates.

Sen. Dennis DeConcini, an Arizona Democrat, introduced a sweeping flat-rate bill in March, and declared, "We must return to the basic principles upon which a sound tax system must stand: equity, efficiency and simplicity. We must get rid of all the complexities — the personal tax preferences, the special deductions and credits, the exclusions from income. These only lead to contempt for our tax system, endless pressures to create loopholes for some privileged group, and use of the tax code to further some ill-conceived project in social engineering."

A major goal of most tax-reform advocates of the 1960s and 1970s was to eliminate the distinction between capital gains — the in-

crease in the value of an asset, half of which was not taxed (now 60 percent) — and other types of income that were taxed fully.

Like their counterparts today, the reformers also believed in lowering tax rates. That goal did not necessarily conflict with that of achieving more progressive tax rates.

## Vertical Equity

It would be perfectly possible, for instance, to take the Hall-Rabushka proposal and use a set of progressive rates, which would involve a different option of what tax experts call "vertical equity."

Vertical equity is a matter of how tax burdens vary among different income groups. In a progressive tax structure, tax burdens rise as incomes go up. But the burden may rise rapidly or slowly, depending on how progressive the rate structure is. With flat rates, the burden would be the same for all income levels.

Naturally, vertical equity is contrasted with "horizontal equity," which is a matter of how tax burdens vary among individuals within the same income group. For instance, people who rent a house or an apartment have no opportunity to claim deductions for payment of mortgage interest and property taxes. As a result, two taxpayers with identical incomes can end up with substantially different tax burdens.

By making a series of different choices

about vertical and horizontal equity, one can design quite different tax systems. And that is what is being done this year.

Mr. Hall and Mr. Rabushka, and Sen. DeConcini, believe a single tax rate should apply to all income, but they would allow a single \$5,000 personal exemption for a married couple filing jointly and \$3,000 for a single individual. Sen. Dan Quayle, Republican of Indiana, on the other hand, has proposed using a \$600 allowance for each dependent, levying no tax at all until income reached \$17,500, an 18-percent tax on incomes up to \$50,000 and a 25-percent rate thereafter.

Like Mr. Hall and Mr. Rabushka, Sen. DeConcini would not tax capital gains or interest and dividend income, while Sen. Quayle would.

## Another Approach

Still another approach has been suggested by Democrats Sen. Bill Bradley of New Jersey and Rep. Richard A. Gephardt of Missouri. They would allow single taxpayers a \$2,300 "zero bracket amount" — a sort of standard deduction — as at present, while raising the personal exemption to \$1,500 from the current \$1,000. The zero bracket amount for married taxpayers would be raised from \$3,400 to \$4,600 and they would have two personal exemptions worth \$3,000.

Their proposal calls for a 14-percent tax on all income, with surcharges on higher incomes that would produce a top combined rate of 28 percent at \$37,000 and \$65,000 for single and married taxpayers, respectively.

Furthermore, this version would keep deductions for charitable donations, mortgage interest, property taxes, some medical expenses, and state and local income taxes. The tax-free status of most state and local government bonds and of Social Security and veterans' benefits would also be maintained.

If the public believes a tax system is unfair, there will always be support for change. But the emphasis on some of the excesses in the present system masks some of its key attributes:

First, even with all the tax-avoidance devices, the system remains progressive across all income levels above about \$4,000, according to statistics compiled by the Internal Revenue Service for 1979, the latest available in full detail. For returns on which some tax was due, the average tax for each income group, expressed as a percentage of adjusted gross income, ranged upward from 3.5 percent for income between \$4,000 and \$5,000 to 50.2 percent for those above \$1 million. The average rate was only 15.3 percent.

Second, studies done for the Brookings Institution several years ago showed that most personal deductions actually added to the pro-

gressivity of the system. That is, the total of deductions claimed falls as a percentage of adjusted gross income as incomes rise.

Also, while the income tax is progressive, the Social Security payroll tax is regressive. It is a flat 6.7 percent of wage and salary income up to \$32,400 and is zero beyond that point.

## Winners and Losers

As the debate over a flat-rate system continues, it is likely to focus more on who would win and lose. Congress' Joint Taxation Committee examined one version of a scheme with an 18.7-percent flat-rate tax raising about the same revenue as today's system. It found the taxes paid by those in the \$20,000 to \$30,000 income range would go up 9.3 percent compared to current levels while taxes of individuals in the \$100,000 to \$200,000 group would go down 23.1 percent.

Within every income group, the relative winners would be those who claim few deductions today.

Some experts think the air will go out of the flat-tax balloon once Congress begins taking a really close look. "It might appear to be a good idea, but when they actually stare it in the face, they'll see the practical political problems," declares one critic, economist Joseph Pechman of the Brookings Institution.

## Conservatives Linking Support for Reagan To Taiwan Arms Issue

By Bill Peterson  
Washington Post Service

WASHINGTON — A coalition of conservative leaders has warned President Reagan to expect an "extremely conservative" political backlash from "billions" of conservative supporters if he agrees to a cutoff of arms sales to Taiwan.

In a strongly worded statement Thursday, conservative leaders urged Mr. Reagan to reject recommendations from former Secretary of State Alexander M. Haig Jr. that the president sign a communiqué with Peking limiting arms sales to Taiwan.

The leaders said that many conservatives already believed that the Reagan administration had abandoned Taiwan and that any hint of cutting off weapons sales "could easily break apart the 1980 coalition that elected Mr. Reagan, which is already beginning to crack."

Endorsed by 28 Groups

The statement was endorsed by the leaders of 28 groups, ranging from such New Right organizations as the National Conservative Political Action Committee and the Moral Majority to the Young Republicans and College Republicans.

Mr. Haig, in one of his final acts as secretary of state, last week sent the White House a message for a communiqué designed to settle a dispute that has brought political and strategic relations between the U.S. and China to a standstill for about six months.

According to Gary Jarmin, executive director of the American Council for a Free Asia, a lobbying group supporting strong U.S. ties with anti-Communist Asian nations, Mr. Haig submitted two proposals to Mr. Reagan.

One, Mr. Jarmin said, states that

the United States renounces a policy of "long-term arms sales" to Taiwan. The other contains more emphatic statements that such sales "will eventually be terminated," he said.

On Thursday, the conservatives called for the recommendations an "ultimate and humiliating blow to Taiwan."

"We cannot emphasize enough that such language is an unacceptable and total sellout of Taiwan," they said.

Several spokesmen say they believe Mr. Reagan and his advisers are underestimating the strong feelings among conservatives over the arms sales issue.

"There is a sense of anger over this that I haven't seen on any other issue," said Paul Weyrich, a leading New Right strategist and president of Coalition for American Values.

Mr. Jarmin said at a news conference that if Mr. Reagan approves anything that even hints at a cutoff of arms sales "there is going to be such a vicious backlash that it will leave his head swimming."

Vice President Bush would be a particular target of conservative anger if arms sales are phased out, Mr. Jarmin added. "His fingerprints are all over this."

Mr. Bush, who headed the U.S. Liaison Office in Peking before full diplomatic relations were established in 1975, returned to Peking in May to try to mollify Chinese anger over the administration's decision in April to sell Taiwan \$60 million in military supplies and spare parts.

Mr. Reagan reportedly considered Mr. Haig's recommendations last Thursday, before leaving for California and sent the proposals back to the National Security Council for further work.

## Another Call for Herbert Hoover

Washington Post Service



Herbert Hoover  
in 1931 during presidency

WASHINGTON — The Reagan administration is helping Herbert Hoover make a comeback at the Commerce Department.

First his picture was restored to a prominent spot in the office of Commerce Secretary Malcolm Baldrige. Then, with the help of Congress, the Commerce Department building was renamed after the former president, who served as commerce secretary in the Harding and Coolidge administrations.

And Thursday the Commerce Department circulated its new telephone directory with guess who on the cover: Herbert Clark Hoover.

The Great Depression of the 1930s began during Hoover's term as president and his name was synonymous with hard times in the years that followed except among the Republican faithful.

Some workers at the Commerce Department are bemused at the sight of Hoover's smiling face on the phone book. "We were kind of giggling here," said Mary Nimmo, director of public affairs at the department.

The blue-tinted picture of Hoover is the first illustration in memory to adorn the phone directory's cover.

## Reagan Cooling-Off Order Averts National Rail Strike for 60 Days

By Howell Raines  
New York Times Service

SANTA BARBARA, Calif. — President Reagan, using his powers under the Railway Labor Act, has imposed a 60-day cooling-off period to avert a national railroad strike planned for Sunday.

In an executive order signed Thursday at his ranch in the Santa Ynez Mountains, Mr. Reagan said he would also appoint a three-member advisory board to study the issues in the deadlocked negotiations between more than 50 railroads and the Brotherhood of Locomotive Engineers.

He signed the order after Robert O. Harris, chairman of the National Mediation Board, delivered a letter to the White House Thursday morning saying that the negotiations, which began a year ago, were at an impasse.

Fourteen of the 16 unions that represent about 300,000 railroad workers have agreed to new contracts. But the locomotive engineers, with 26,000 members, threatened Wednesday to start a national strike Sunday night, and the United Transportation Union, representing freight handlers, said it was prepared to join the strike at the end of the month.

The order is Mr. Reagan's first major intervention in a labor dispute since last August, when he dismissed about 12,000 striking air traffic controllers. A cooling-off period is required under the Railway Labor Act when a mediator informs the White House, as Mr. Harris did Thursday, that negotiations are deadlocked and that a strike could deprive a significant part of the population of essential goods and services.

Larry M. Speakes, the deputy White House press secretary, said the administration was particularly concerned that a strike would hamper the wheat harvest in the Middle West. The White House also noted that 5.4 million commuters depended on trains.

Mr. Speakes said that Amtrak and Conrail were not directly involved in the negotiations, but their service would be disrupted because members of the engineers' union run their locomotives. Amtrak runs almost all of the nation's passenger trains, and Conrail is a freight and commuter system in the Northeast.

The carriers that would be directly involved in the strike operate 90 percent of the rail service in all but one — Rhode Island — of the 48 contiguous states.

Mr. Reagan's order creates Presidential Emergency Board No. 194 "to investigate and make recommendations for settlement of a current dispute" between the union and the National Railway Labor Conference. The dispute involves pay, work rules and working conditions, Mr. Speakes said.

At the end of the 60 days, the president has no further authority to prevent a strike.

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## Sarasota Newspaper Closes

The Associated Press

SARASOTA, Fla. — The Sarasota Journal, an afternoon newspaper here for 30 years, has announced that it is ceasing publication with Friday's edition. The publisher, Lindsay Newspapers Inc., blamed increasing financial losses.

## 4 Uranus Moons Are Measured for First Time

By Thomas O'Toole  
Washington Post Service

WASHINGTON — An infrared telescope on Hawaii has measured the sizes of the four large moons of the planet Uranus for the first time.

The telescope, which has been in place on Mauna Kea for four years, has found that the four largest of Uranus' five moons are almost twice as large and three times darker than originally believed.

The telescope was built to catch the infrared light of the sun reflect-

ed by the moons of Jupiter and Saturn to support the flights of Voyager 1 and 2 by the two planets.

Voyager 2 is now on its way to a 1986 passing of Uranus, a mission that is a surprise benefit of the Voyager program. The telescope had been pointed at the four large moons of Uranus to see whether it could measure their size and brightness so that Voyager's cameras will be better focused and exposed when the spacecraft arrives.

The telescope found that the moon called Oberon is 1,048 miles (1,676 kilometers) in diameter; the moon called Titania, 1,038; Ariel, 825; and Umbriel, 719. On the basis of previous telescopic measurements, all four were thought to be less than 700 miles in diameter, about the size of Rhea and Iapetus, the smaller moons of Saturn.

"These moons are larger and darker than we ever guessed they would be," said David Morrison of the University of Hawaii, who made the measurements with Dale P. Cruikshank and R. Hamilton Brown.

The telescope on Mauna Kea is to be closed by the National Aeronautics and Space Administration for budget reasons. Its closing was to have occurred when Voyager had passed Jupiter and Saturn, and Mr. Morrison is concerned that NASA will close down the \$10-million telescope at the start of the next fiscal year, which begins Oct. 1. That is long before Voyager 2 reaches Uranus, almost 2 billion miles from Earth, and before the telescope could be used to get still more precise measurements of Uranus' moons, including its fifth, Miranda, which is too small to be measured by the telescope at the distance it is today.

All five moons are named for characters in Shakespeare's plays "The Tempest" and "A Midsummer Night's Dream."

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## Namibia Explosives Found

The Associated Press

WINDHOEK, South-West Africa — Police destroyed a 110-pound (49.5-kilogram) cache of explosives apparently planted by German soldiers before World War I that was found on a farm near the territorial capital earlier this week.

## Hinckley Letter Describes Shooting as 'Historical Deed'

By Stuart Taylor Jr.  
New York Times Service

WASHINGTON — John W. Hinckley Jr. has written a letter saying that neither hospitalization nor imprisonment could diminish his "historical" shooting of President Reagan to win Jodie Foster's love.

Calling his assassination attempt "the greatest love offering in the history of the world," the 27-year-old mental patient said "everybody but everybody knows about John and Jodie," comparing himself and Miss Foster to Romeo and Juliet and to Napoleon and Josephine.

The letter, which was delivered to this reporter Thursday, said that these statements and most of the rest of its contents were taken from the "sentencing speech" that Mr. Hinckley said he had composed June 20.

That was the day before the jury in his trial found him not guilty by reason of insanity of shooting Mr. Reagan and three other men on March 30, 1981. He had no occasion to deliver the speech in court.

## Response to Letter

Mr. Hinckley's four-page, unsigned letter, dated July 2 and postmarked July 7, replied to a letter this reporter had addressed to him at St. Elizabeths Hospital in Washington, where he is undergoing a new round of psychiatric evaluations.

"No one else has seen this speech other than two of my attorneys," Mr. Hinckley said in his letter, noting that "I read the last two paragraphs for Laura Kiernan of The Washington Post," in unauthorized telephone calls from the hospital.

The sentencing speech, with "only the first four or five paragraphs" edited out, follows, as reproduced in Mr. Hinckley's letter to this reporter:



Jodie Foster

"My actions of March 30, 1981, have given special meaning to my life and no amount of imprisonment or hospitalization can tarnish my historical deed. The shooting

outside the Washington Hilton hotel was the greatest love offering in the history of the world. I sacrificed myself and committed the ultimate crime in hopes of winning the heart of a girl. It was an unprecedented demonstration of love. But does the American public appreciate what I've done? Does Jodie Foster appreciate what I've done?

"There are many times when I wonder why the world is still revolving. Doesn't anyone understand the meaning March 30? Jodie tries to carry on with her life as if nothing out of the ordinary has happened to her.

## She 'Keeps Her Distance'

"She still keeps her distance from me and torments me with her silence. I gave my life for Jodie and she couldn't care less. I can't believe her heart. Yes, Jodie Foster knows who I am, just like the entire civilized world knows who I am. But does it matter now? I wanted Jodie's love, not eternal infancy."

"Jodie has hurt me more than I've hurt her. She killed me first. For the past 15 months I've died a little each day and I'm sure the future will be no easier. But once again, I must state that I wouldn't trade places with anyone in this courtroom. It was my fate that I shot the president and it is my fate that I pay the price for my deed."

"Jodie Foster may continue to outwardly ignore me for the rest of her life but I have made an impression on that young lady that will never fade from her mind. I am with Jodie spiritually every day and every night. I have made her one of the most famous actresses in the world. Everybody but everybody knows about John and Jodie. We are a historical couple whether Jodie likes it or not."

"At one time Miss Foster was a star and I was the insignificant fan. Now everything is

changed. I am Napoleon and she is Josephine. I am Romeo and she is Juliet. I am John Hinckley Jr. and she is Jodie Foster. The world can't touch us. Society can't bring us down. Jodie can't ignore history.

## Life Called 'Melodrama'

"She will never escape me. I may in prison and she may be making a movie in Paris or Hollywood but Jodie and I will always be together in life and death."

"God does indeed work in mysterious ways. My life has become a melodrama. My past has been studied and analyzed not only by psychiatrists but by a large part of the general public. I am now a household name. It has to be pure and simple fate that these things have happened to me."

"From the start, all I wanted was for someone to love me. I desperately wanted to be loved but I never could give appropriate love in return. I seem to have a need to hurt those people that I love the most. This is true in relation to my family and to Jodie Foster. I love them so much but I have this compulsion to destroy them."

"On March 30, 1981, I was asking to be loved. I was asking my family to take me back and I was asking Jodie Foster to love me in her heart. My assassination attempt was an act of love. I'm sorry love has to be so painful."

The statements in Mr. Hinckley's letter that he had hoped his "historical deed" would win Miss Foster's love appear to lead oed evidence to the defense arguments at his trial that he was motivated by bizarre delusions concerning the 19-year-old actress. The letter and Mr. Hinckley's statements since the verdict to other reporters could be used by the government as evidence that he is mentally ill and does not qualify for release.

## Fire Set at Soviet Embassy

The Associated Press

WASHINGTON — An arsonist set fire to the Soviet military attaché's garage at the Soviet Embassy here Thursday. District of Columbia police said. The fire was quickly extinguished and there were no injuries, but the garage and the car it contained were slightly damaged, they said.

**DEATH NOTICE**

Le Duc Francesco DI CASSANO  
les Enfants PAOLO, LEOPOLDO,  
CORSO, ALESSANDRA  
les Belles-Filles GRAZIA, SILVIA, BATZI  
le Beau-Fils OLIVIERO PRUNA  
les Neveux et LEONOLDO  
ont la grande douleur de vous faire part du  
décès de

MADAME ELENA SERA  
DUCHESS DI CASSANO  
née PARODI DELFINO  
qui s'est éteinte à GSTAAD, le 8 juillet  
1982, après une longue maladie supportée  
avec grand courage et grande dignité.  
Les funérailles auront lieu à Lausanne le  
mardi 13 juillet 1982, à 11 heures en  
l'Eglise du SACRE-COEUR, Chemin du  
Rue-Rivage.

# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Where Is OPEC Headed?

From THE WASHINGTON POST:

It is no trick to look like a fiercely aggressive cartel so long as you are selling on a tight market. OPEC has always been most impressive when world oil supplies were short and the price was rising. But to behave like a real cartel in a falling market is hard to do.

The central question for OPEC has always been whether it is capable of enforcing cuts in production, in times of declining sales, to enforce its high prices. With the current showing, you would have to guess that OPEC is not going to be able to achieve this most difficult, and most important, of a true cartel's operations. OPEC's ministers, or at least most of them, are meeting in Vienna to see what can be done. But the Saudis apparently do not plan to attend, because they are tired of being screamed at by the Iranians.

Last fall the Saudis, after many months of deliberate overproduction, forced the rest of OPEC to accept their price schedule. While that required the Africans to reduce their extremely high prices to the Saudi level, the Saudis offered assurances that there would be no further erosion. But over the winter, with the large drop in consumption in the industrial countries, prices continued to sink. In March, OPEC tried for the first time actually to impose production ceilings on its members. But over the spring there has been in-

creasing evidence that several of these governments are violating the ceilings — some because they need the money, some because they resent the Saudis' restraint.

Does it follow that the price of oil is now going to drop? Not necessarily. There are several imponderables. No one knows what the buyers and consumers of oil are going to do in the next few months. This is the time of year when the companies normally begin buying more rapidly to build reserves for the winter, but amidst this recession, there is no consensus about the size of this buildup. Next, no one knows whether the quietest war between Iran and Iraq will actually end, or what effect that might have on those two countries' exports. And no one knows how the Saudis will respond to these developments — and the Saudis alone can lighten or loosen oil markets at their discretion.

OPEC's troubles will not draw much sympathy from the industrial countries that run on oil. But internal strains in OPEC, and even its collapse, would not be likely to have large consequences for consumers. Over the past decade, the world has essentially been supplied and demanded, not the pricing policy of the cartel, that has set oil prices. That will continue to be true regardless of OPEC, and for the decades ahead the trend in oil prices is still far more likely to be up than down.

## Scuttling the Sea Treaty

From THE WASHINGTON POST:

Does President Reagan know what he is doing in preparing a final decision not to sign the Law of the Sea treaty? Evidently he thinks U.S. seabed mining will proceed, sanctioned either by domestic legislation or by a "mini-treaty" with other industrialized countries. His own review, however, found that no U.S. firm would risk the requisite \$1.5 billion or so for each venture under domestic legislation. Furthermore, it is clear that a mini-treaty is a nonstarter. None of the major financial institutions it queried, the Government Accounting Office reports, would lend money to a seabed venture enjoying mini-treaty sanction alone.

The meaning is plain: American miners will flee to foreign flags, and the United States will have lost its chief treaty goal of direct assured access to strategic raw materials. It will have clouded American use of the navigation freedoms inscribed in the treaty — a major loss for a maritime power — and of further treaty benefits in fisheries, environmental protection, scientific research and the like. For being probably the single nation among 160 to spurn the treaty, it will look like a chump.

And for what? For years, a number of conservative ideologues have been calling the treaty's designation of seabed minerals as the "common heritage" of mankind nothing less

than global socialism. The election of a president dedicated to a free-enterprise ideology gave these critics, in and out of government, new life. But they have served Mr. Reagan ill by insisting that negotiations on a confrontation over ideology rather than on a compromise to win practical improvements for American investors.

For instance, the critics raised an alarm over the treaty's production ceilings — these are objectionable, but they are set safely beyond reach. Private firms are enjoined to sell their technology to the treaty's collective mining authority — again, objectionable in theory but washed out to practice by other language. The text's call for a second conference to review the treaty in 20 years suggests that the conference could override the original terms of U.S. ratification — why not let the lawyers handle it? General language indicates that the one-nation one-vote assembly will run the executive council, where the industrialized nations have more weight — but other language delineates the powers and functions of the two bodies more convincingly.

Anyway, hard-headed treaty defenders do not say it is fine as is. They say the United States has wasted its repeated openings to negotiate practical changes. The attackers have carried the day, as evidenced by Mr. Reagan's truly unfortunate decision to throw away, for nothing, his one last chance to try.

## Other Editorial Opinion

### PLO Should Stick It Out

Beirut, battered by a seven-year war, can stand one more month during which the basis of a complete solution is set. If the PLO throw down their weapons and leave Lebanon they will lose any negotiating powers against their stubborn opponent.

Unless the United States stops its blind support of the Israeli military powers, we must as well support the Arab cause against coming years of danger for the whole area.

We had expected the United States to pressure Israel into breaking the siege of the PLO, not to pressure them into evacuating without solving the problem.

—Al Ahran (Cairo).

### Solutions for Poland

Political and economic recovery would have a better chance if the West would not only reschedule the existing debt on favorable terms but also grant new credits for vital materials and spare parts which large sections of industry need in order to get moving again.

But the West holds back because it justifiably lacks faith in the intentions and abilities of the present regime. A gradualist approach is required.

A start could be made by trying to inject funds under tight control into specific industries where the wheels are not turning for lack of parts and materials. Beyond that, thought might be given to buying up some west-oriented industries and putting in Western managers. The Poles in their present plight might just be persuaded to agree.

—The Times (London).

### Other Voodoo Economics

With some justice, President Reagan has been accused of practicing "voodoo economics," based on a blind faith that tax cuts would bring economic growth that would simultaneously balance the budget and pay for increased military spending.

It has not worked. But it is instructive to observe that President Francois Mitterrand of France is proving equally unsuccessful with an economic policy almost the exact opposite of Reagan's.

Whereas Reagan depended for his miracle on the stimulative effect of tax cuts, Mitterrand gambled that the government-sponsored investment boom — coupled with higher exports based on American economic recovery — would enable him to square the circle. But it has not worked.

Inflation has risen to 14 percent, well above the level in most other European countries. Unemployment remains uncomfortably high. The budget deficit has ballooned far beyond predictions. The franc has undergone two major devaluations, and the government's futile efforts to protect it have produced a massive drain on foreign-currency reserves.

Last month the Mitterrand government imposed "temporary" wage and price controls, which means, on balance, that French workers are being asked to accept a decline in living standards, and private industry is undergoing a painful profit squeeze that acts as a further brake on investment.

The French government has found a convenient scapegoat: the high U.S. interest rates that have produced an artificially strong American dollar and helped to depress all European economies.

French cabinet members are beginning to indulge in student anti-American rhetoric reminiscent of the De Gaulle era.

The Reagan administration cannot afford to shrug off France's problems. To begin with, high American interest rates really are dragging down the French and other European economies. There is concern, in both Washington and European capitals, that Mitterrand's defensive reaction will include a turn to protectionist policies that will hurt American export industries and increase the danger of a global trade war.

—The Los Angeles Times.

### World Cup Ecstasy

[The semi-final between France and West Germany was] probably the best match in soccer history.

If the Germans and Italians can make it even better in Sunday's finals everything has become possible. If so soccer will have entered a new era.

—Ekstrabladet (Copenhagen).

### 1932: Angry Hitlerites

BERLIN — Turning their tolerance of the Von Papen regime into virulent opposition because of the Lausanne accord, the Hitlerites massed 100,000 followers in the Lustgarten to upbraid the chancellor. Their unexpected bitterness, with that of the other Nationalists, and the more moderate criticism among Catholic Centerists, has created doubt whether the government will be able to push ratification of the agreement through the next Reichstag. The Hitlerites resent the fact that Germany went to the conference determined not to pay a penny and then consented to pay 3 billion marks and that the hope of securing an equitable armament arrangement for Germany met with failure.

Still, one basic reform initiated to general applause was decentralization, opening the Napoleonic structure of tight national control over practically everything to more regional autonomy. For too long, all roads led to the top-heavy Paris bureaucracy with scarcely any provincial shortcuts. Even the volatile Corsicans with their history of separatist terrorism seem to have been calmed with their new rights. The long-simmering regional issues that De Gaulle once feared might break up France have receded.

The relief, the lure of diverting attention from economic doldrums,

WASHINGTON — The Reagan administration apparently has "agreed in principle" to land about 1,000 U.S. Marines in Lebanon to "supervise" removal of all armed Palestinian Liberation Organization troops from Beirut, and subsequently, to provide a "temporary" buffer between the invading Israeli army and the shattered Palestinian community.

I would not want to be the commander of any such American force.

Long-term political considerations aside, it would be the height of folly for the United States to insert itself directly into the middle of the marathon dispute between Arab and Israeli, even in the best of circumstances. It is one thing to set U.S. military personnel in place between opposing factions in a foreign country under relatively benign conditions. It is quite another to introduce them between two peoples who are engaged in a bitter life-and-death struggle, particularly when the United States is viewed by one side as an implacable foe.

Yet this is the situation that exists in and around Beirut today. Three decades of unswerving U.S. support for Israel have engen-

dered widespread antagonism, indeed hatred, in the Arab world toward the United States. This is especially true among the beleaguered Palestinians, still suffering their own diaspora after more than 30 years.

Admittedly, Israel has achieved a stunning military success by destroying the organized armed capability of the PLO and cowering the Syrians. In the short term this will probably bring some degree of relative quiet to the region. The long-term consequences cannot be predicted, but certainly they will include severe losses for Israel and for its internationally acknowledged benefactor, the United States.

Over the years, the United States has squandered most of the respect and admiration that Arabs, moderate and radical alike, once harbored for the American people. A U.S. military presence in Lebanon would now constitute the denouement: ultimate proof in Arab eyes that

By Robert J. Hanks

Rear Adm. Robert J. Hanks commanded the U.S. Middle East Force from 1972 to 1975. Since his retirement in 1977, he has been a writer and lecturer, and is an analyst for the Institute for Foreign Policy Analysis in Washington.

the United States has been, at last, fully exposed as the sole "handmaiden of Zionist imperialism," as Moscow has been arguing for years.

If I were the commander of a U.S. intervention force in Lebanon, I would be gravely concerned about the immediate and altogether undesirable reaction of the Palestinians. I would anticipate little resistance from the people whom we were helping to release from the iron ring that the Israelis have established around their enclaves in Beirut. On the other hand, prudence would dictate that I prepare for the possibility that armed elements, particularly of the more activist wings of the PLO, had remained behind, supported by sympathetic Moslem factions.

For most disadvantaged groups that fail to attract serious international concern for their plight by peaceful means, terrorism constitutes a court of last resort. Israel's invasion of Leba-

non and savage siege of Beirut may have brought the PLO to its knees militarily and politically. We can expect that the nature of Israel's assault and the world community's reaction of revulsion have persuaded the Palestinians that their only recourse is a return to terrorism.

And what better target against which to vent their wrath than the force of U.S. Marines symbolizing, as it assuredly would, the exclusive U.S. backing for Israel's denial of the Palestinians' right to a homeland? It is wholly unrealistic to expect any outcome other than American Marines — accompanied by other extra-regional military forces or not — falling casualty to the rage and vengeance of frustrated Palestinians, whether operating under the banner of a resurgent PLO or some new and more desperate organization.

If President Reagan proceeds on this path, it will be not only the blood of Americans that will color the sands of the Middle East but also that of America's vital interests throughout the region. I would not want to be a party to this supreme tragedy.

—Los Angeles Times.

## The Jobless Numbers Are Europe's Nemesis

By Hobart Rowen

WASHINGTON — On occasion, a few simple statistics summarize a dramatic story. In the United States in the decade of the 1970s, nine out of every ten persons looking for jobs found them. But in Europe, in the same 10-year span, less than three new jobs were available for every ten who sought them.

The overall result is that despite some slow growth years in the 1970s, there were some 17 million new jobs created in the United States. But in Europe over the same period, the net increase in jobs was only one million.

These grim facts about the European economy have been assembled in the latest Organization for Economic Cooperation and Development Report on the economic outlook of the industrial world, published July 7. The economic staff at OECD, in much gloomier assessment than just six months ago, anticipates that Europe may see an official unemployment rate of 10.5 percent next year. The rate has increased every year since 1974, and is at the highest figure since the 1930s.

"Europe is suffering from the lack of profitability of private investment," an OECD official told me a few weeks ago to Paris. "Not only have labor costs been too high, but there are the non-wage costs, such as social welfare."

As of now, one-third of the jobless in Europe have been out of work for six months or more, an absolutely shocking total. In Britain, 52 percent of the unemployed in early 1982 had been out of work for six months, compared with 39 percent a year earlier. That is a festering sore that could lead to social unrest and worse.

The kind of protracted long-term unemployment is unknown in the United States. In fact, the U.S. definition of "long-term unemployment" has traditionally been 15 weeks, not six months. But the proportions of those out of work here for more than brief periods — measured either by 15 weeks or 27 weeks — have been growing at an uncomfortable rate.

In June, when the jobless rate as reported by the U.S. Bureau of Labor Statistics was 9.5 percent, 17.3 percent of the unemployed had been out of work for 27 weeks or more, short of the 21 percent post-World War II record set in 1975 and 1976. That is a worrisome level, but still well below the horrible one-third ratio the Europeans must contend with.

Reasons for the European sickness are many and complex. But seven of the lines of the OECD report can be seen the combined effects of high interest rates that discourage investment, high taxes on employers to support welfare states, and labor union

rigidities that prevent modernization and efficient operation.

Throughout Europe — despite sophistication here and there in electronics and high-technology — jobs in the old-line industries are antiquated. And governments tend to take the easy political way out by going protectionist, which only exacerbates the decaying process.

For a while, at least through the 1960s, the declining ability of European industry to compete in world markets was disguised by brisk economic growth and modest inflation. But the two oil shocks exposed Europe's weaknesses and rigidities.

"Economic performance would possibly have deteriorated even without the oil price shocks," says the OECD report. "But coming on top of the underlying situation, they imposed enormous strains on OECD economies, necessitating a degree and pace of adaptation that severely challenged the capability of the OECD economic system."

What Europe desperately needs is an infusion of investment that will modernize plants and add to its ability to compete in world markets, thus providing jobs in home markets. But investment, as the report notes, depends on that fragile commodity called "business confidence," as well as the outlook in a given activity.

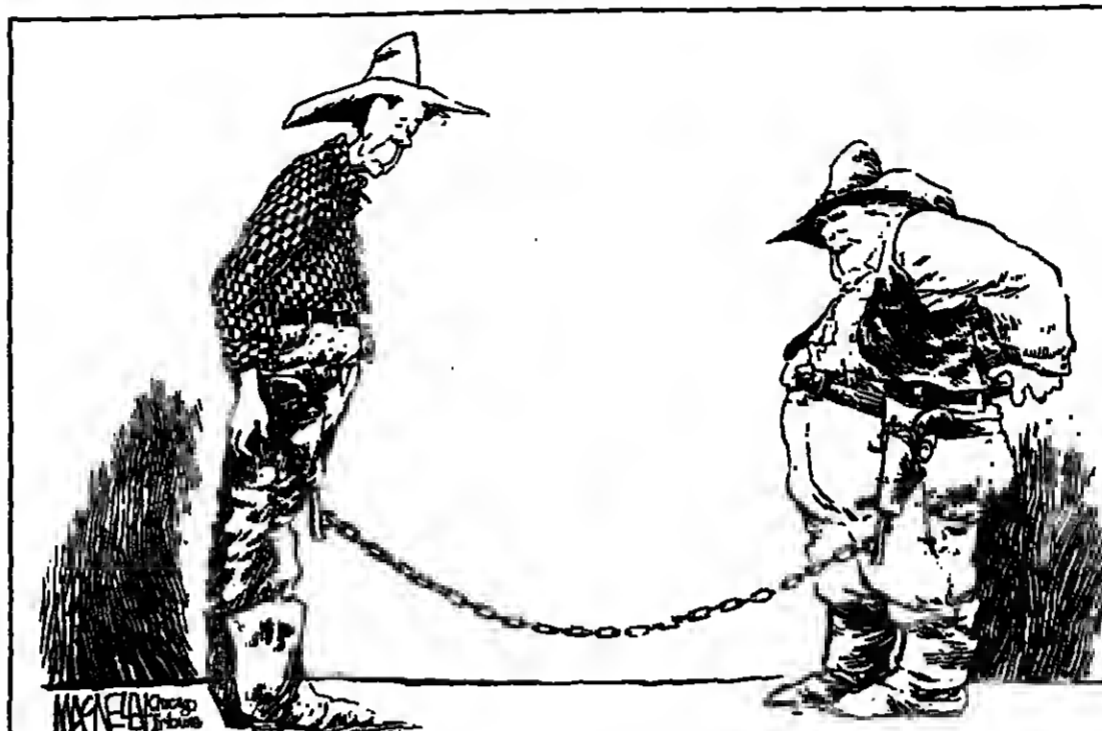
"It is not clear how best to foster expectations of an adequate return to investment," the report notes in a tone of near desperation. Normally, in a time of recession, an attempt would have been made to stimulate consumer demand, through tax cuts and other Keynesian methods. But that has been ruled out in the belief that would only add to government deficits and re-ignite inflationary expectations — thus inhibiting rather than increasing investment.

Instead, Europe is wallowing in despair, fearful that rising unemployment will increase the social strain and boost protectionist forces. Its resentment over American interference with East-West trade is based on the desperate need for any export volume that sustains employment.

Once can see why Europeans pray for a fall in U.S. interest rates that would allow their own to go down, perhaps stimulating investment.

But that is not a panacea, either. Several European countries still face the technical superiority of industry in Japan and the United States, along with a growing challenge from the so-called "NICs" — the newly industrializing countries like Korea, Brazil, and the ASEAN group. Without some major changes, Europe may be over the hill.

—The Washington Post.



## Kremlin Sets the Summit's Stage

By Leopold Unger

BRUSSELS — The Kremlin calendar is not regularly published by the Soviet press, but it has been public knowledge for some time that the annual Yalta picnic, at which President Leonid I. Brezhnev plays host to various Communist leaders, were not scheduled this year for the first time.

The real reason for the sudden break in tradition is that the meetings would be too much of a burden on Mr. Brezhnev's health. But the reason given in private in the Kremlin halls is the Soviet leader's coming encounter with Mr. Reagan. "It is perfectly normal," Kremlin sources say, "this summit meeting must be well prepared, and nothing must interfere with it."

What does not appear to be "perfectly normal" is that Mr. Brezhnev did not bother to greet King Hussein of Jordan or Libya's Maj. Abdel Salaam Jalloud, a top aide to Col. Qadhafi, during their recent trips to Moscow. Nor did he see an Arab League ministerial mission that came to Moscow to urge the Soviet Union to intervene in Lebanon.

And these events took place as the Soviet press criticized "certain Arab countries" that are completely uncowed and appear paralyzed by the Israeli aggression. "In other words, as a Western observer to Moscow did not fail to note, the Kremlin 'refuses to be more Arab than the Arabs themselves.'"

The Kremlin's caution toward the war in Lebanon — which has already changed the political map of the Middle East — is due as much to the current economic situation of the Soviet Union as to the poor military showing of the Soviet allies despite the impressive arsenal Moscow furnished to Syria and the PLO. But above all, the Kremlin does not want to be involved in a conflict that it does not control and in which it would have difficulty taking steps to change the course of events in its favor.

That does not come as a surprise; it is part of the Soviet tradition. The Soviet-Syrian pact of 1980 is an excellent example of Soviet caution and, as some would tend to believe, an aggressive move. The pact does not call for Soviet intervention, even if Israeli forces cross the Syrian border.

The only Soviet government statement against Israel refers to the "proximity of Lebanon to the southern

frontiers of the Soviet Union," but makes no mention of the treaty with Syria. Furthermore, the Soviet Union has always refrained from sending military "advisers" to the PLO in Lebanon and was among the first nations to evacuate its embassy in West Beirut. There were no Eastern Europeans among the non-Arabs captured with Palestinian forces by the Israeli army.

But this Soviet caution is an indication that Moscow is concerned by more than its short-term interests. The clever Soviet reasoning takes little account of the future of Palestinians or the situation of Arab countries, but is primed solely by the interests of the Soviet Union.

For Moscow, the Palestinian problem — and not necessarily that of the PLO — is the key to the situation in the Middle East and whatever happens, the Arabs will need Soviet help. And, the thinking goes on, Soviet help will be all the more necessary because after the Lebanese war Washington will find it hard to reestablish a favorable reputation among Arab countries.

The wave of anti-Israel sentiment now sweeping Western Europe works well into the Soviet plan because it puts the continuing war in Afghanistan and the situation in Poland on the backburners, just as the Soviet invasion in 1956 allowed the West to forget Budapest.

In addition, on the Soviet scale, the Middle East is a divisive issue in the West and a further bone of contention between Western Europe and the United States. It also, last, but not least, turns the problem into an international one that will need international agreement for a solution. It is precisely a problem from which the Kremlin has been pushed aside by Washington.

And Lebanon, Moscow feels, also demonstrates the bad effects of Camp David "which gave the Israelis a free hand" and will necessarily lead to "a return to United Nations negotiations, to an international conference, in other words to Soviet participation in any solution to the problem in the Middle East."

All of this is part of a long-term plan whose goal is to be in a position of strength at the Brezhnev-Reagan summit meeting. As embarrassed as it may be by the defeat of its Syrian and Palestinian allies, the Kremlin believes that the war will make the United States more receptive to the need to rebuild a bi-polar world.

—International Herald Tribune.

## Battle of Gay Paris

The Sun May Be Shining, But There's a Storm at City Hall

By Flora Lewis

PARIS — After a sullen spring, Paris has finally burst out with its brightest sun, flowers and variously decorated tourists. Drivers complain because too many streets torn up at the same time have hunched traffic unreasonably, but the city has never looked better.

That is the rub. The Socialists won national power a little over a year ago with their promise to change society, though there was a gamut of ideas about how much change was wanted. It ran from little more than a switch of faces and labels to dreams of being the first country to marry orthodox Socialism with classic democracy.

So far there has been disappointment at both ends: rather more upheaval of personnel, taxes and such than the cautious expected, no overturn of the social pyramid and no magic formula for the economy as enthusiasts hoped.

After mistakes, the government has had to admit that the stuffed-goose theory of public spending to spur growth and create jobs without increasing inflation works no better than Washington's supply-side theory of cutting taxes and letting private enterprise rip. An austerity program had to be imposed with a four-month freeze on wages and prices. But change has not been drastic.

Still, one basic reform initiated to general applause was decentralization, opening the Napoleonic structure of tight national control over practically everything to more regional autonomy. For too long, all roads led to the top-heavy Paris bureaucracy with scarcely any provincial shortcuts. Even the volatile Corsicans with their history of separatist terrorism seem to have been calmed with their new rights. The long-simmering regional issues that De Gaulle once feared might break up France have receded.

The relief, the lure of diverting attention from economic doldrums,

and an inability to assist a plain political punch-up tempted the government to carry the idea an ill-advised step further. The intention was announced to decentralize Paris itself, breaking up the city into 20 municipalities in place of its 20 existing arrondissements, or districts, under a mayor and council with shriveled powers.

It has been the political bomb of the times, reminding everybody that Paris may not be France but French history keeps turning out to be Paris. For over 100 years Paris was run by the national government with only a nominal mayor precisely because the capital was too much of a challenge to the central power.

Reaumur goes back to the first Paris revolution in 1358 when Etienne Marcel burst into the palace and sloughed the court. The future Charles V had to flee and lay siege to the city to restore order.

There was another bloody eruption in 1413, the first time Parisians took the Bastille. The second time, on July 14, 1789, began the French Revolution. But before Napoleon came back from his campaigns to impose peace and eventually set himself up as emperor, in Paris, the Parisians kept defying their compatriots. The revolutions of 1830 and 1848 were Paris-based. So after his coup d'état in 1851 Napoleon III put a stop to it. Paris became a ward of the government.

President Valéry Giscard d'Estaing decided a century of tutelage was more than enough and pushed through direct election of a Paris mayor in 1977. He, too, miscalculated. He backed the political lightweight, mayor of chic Deauville, infuriating his ex-premier and arch-rival Jacques Chirac, who plunged in.

Chirac not only won but set about the old habit of building a Paris power base to support his own presidential ambitions. Since the Socialists have taken power, he has used Paris and his neo-Gaullist party to present himself as leader of the opposition.

He is a big, feisty man, with tough hands and tough political toes. Naturally, he took personally the idea of splitting the city and demolishing the mayor's prerogatives. He shot right back. Now the city's walls are covered with signs proclaiming that "Paris wants to live," and his friends are collecting signatures demanding a referendum on the city's status.

Since Chirac never lost sight of his goal of moving from the grandiose City Hall to the less elaborate but all-powerful Elysee Palace, he made a point of showing himself to best advantage as boss of Paris. The streets are clean. There are lots of little new parks and malls. Neighborhood exhibitions and festivities are organized regularly, and all kinds of everyday amenities have improved.

No big city runs better.

The mayor even took pains to establish an international status as near to a par with the president as possible. He refused to attend the official reception for President Carter at Versailles when Carter refused to pay a special call on him. President Reagan made the trip to City Hall.

Paris looks wonderful, but it has turned into the nastiest political problem of President Mitterrand's government, which seems to be backing down. "Plus ça change, plus ça change," still holds in France.

—The New York Times.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

## LETTERS TO THE EDITOR

### Morals of War

In the euphoria following the recapture of the Falklands it seems appropriate to take a general lesson from the exercise — that armed aggression has been shown not to pay and that a blow has been struck for the principle of freedom and the rule of law.

One other lesson that could be inferred concerns the Palestinians. The moral the Palestinians may draw is that to regain their homeland they must review their tactics with the objective of dramatically escalating their scale of activities. Clearly they need a hundred-ship task force and all the trimmings. This revised approach will not just enable them to get diplomatic and economic sanctions imposed on the invading forces who have occupied their homeland but will also enable their cause to be depicted as an honorable struggle taken up on behalf of the world community to preserve the principle of law and order.

STUART STROMBACK, London.

Tall Prison

The tall ship, Esmeralda, of Chile, a picture which you displayed with a cheerful caption on page 3 of your June 29 issue, was used as a transit prison and torture center in September, 1973, when the current military government overthrew the democratically elected one in a brutal plot.

PHILIP PROTTER, Paris.

Why the Inequity?

Will someone explain to me, a trusting Palestinian, why the United States and the Western world cry bloody murder when one Israeli is killed or when a few Jews are not allowed out of Russia?

Why are those who are so concerned with human rights silent about the atrocities committed by Israel against the Palestinian people, about the thousands of dead and many more displaced by Israel's invasion of Lebanon. They were first deprived of their homeland and when they turned to armed struggle they were called terrorists.

Blind Israel

Golda Meir, when asked in London in 1969 about the Palestinians, answered "What Palestinians? There are no Palestinians." Begin at the White House recently, disputed the fact that Israel invaded Lebanon and insisted that Israel was protecting itself against "armed bands operating from Lebanon." What is amazing is that nobody deemed it relevant to ask him why those "armed bands" had a grudge against Israel.

Throughout their "short history" in Palestine, Israeli leaders believed that by purposely distorting facts they could conveniently bury the truth. What is disgusting and appalling is the indifference of the "civilized world" to the genocide of a whole people.

Blacks in Battle

Regarding "Will Black Soldiers Fight for U.S.?" (1/17, June 29): It might be interesting to recall that the armies that maintained "law and order" in former British and French territories in Africa were essentially black, including the officer ranks.

In Ian Smith's Rhodesia, black soldiers bore the brunt of the white minority government's campaign against the black freedom movement. Most eloquent, perhaps, is the increasing role of blacks in the South African armed forces whose duty is to protect apartheid institutions, maintain white minority control and perpetuate black subjugation.

On the other extreme, however, the Portuguese Army that became fed up with colonial wars in 1975 and rebelled by seizing power in Portugal was unmistakably white.

MWANN NGEE, Geneva.

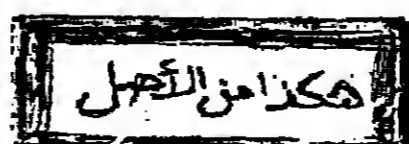
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# Portraits From Life: Putting the Best Face On It

## The Squirming Photographer

by Bob Reilly

NEW YORK — Ask Arnold Newman to hold still for a picture and he stiffens, grins, turns serious, looks away from the camera, looks into the camera, grins the plain for support, runs a trembling hand over his hair to make sure it is in place and, plump, sensitive features taut, murmurs in a parched voice: "Am I all right?"

One of the world's greatest portrait photographers feels as awkward as anybody else getting his picture taken. "Everybody is so self-conscious in front of a camera," Newman says with a laugh. "Even Presidents of the United States squirm." (He has photographed the last seven, so he knows whereof he speaks.) "Movie stars, though, are toughest of all. They're so used to portraying other people, I have to direct them to be themselves."

He continues on a tour of his apartment. The spacious, light-filled acre near Central Park West is as carefully composed as a Newman portrait — a skill in practice and teaching.

He will be conducting a workshop on the Art of the Portrait this week in France at the Arles '82 Photography Festival. "It's a master's course. I don't teach technique. I assume students who come to me have the technique behind them. I love doing workshops, because the old saw is 'absolutely true.' The teacher learns as much as the students."

He is no stranger to Europe, of course. Working for the old Holiday magazine, he covered stories all over Europe, particularly ones about art and artists. "For anyone who grew up in my period, to go to Europe was really something. I always looked to it for fulfillment. Of course, unlike now, only the rich could make the trip when I was a kid." Newman was born in 1918 in New York City, and during the Depression studied art at night while working during the day for a family friend, taking passport-type portraits for 49 cents each.

The yellow press in those days used to write a lot about Picasso and Braque and Matisse, calling them maniacs, saying they ought to be institutionalized. I saw what these guys were doing and I said, 'This is great.' After leaving the University of Miami in 1938, he moved back to New York, determined to combine his art studies with photography, hoping to evolve a new kind of portrait. He soon came up with his own special contribution, the "environmental portrait."

"I shot mostly artists at first, not because I necessarily wanted to but because they were the only most receptive to my ideas," Newman says. "The Dutch painter Piet Mondrian, then in exile in New York, became a close friend. (Newman owns the original sketches for Mondrian's 'Broadway Boogie Woogie,' which he has loaned for an indefinite period to New York's Museum of Modern Art.) The influence of Mondrian on his work is a sense of balance, is easily detected in all of Newman's work."

"When he's starting out, any artist — painter, sculptor, writer — is always influenced by what went before him. Anybody who refuses that influence is simply trying to rediscover the wheel. I always worked like a painter, exploring visual ideas. I explore them by means of people."

"Portraiture is, of course, a dirty word today. The public thinks the image is there to flatter them, to boost their ego, and a lot of



Arnold Newman.

photographers will go along with that. They've bastardized the art of portraiture. Nevertheless, all the greatest photographers, like all other great artists, have always done portraits and always will."

What are the secrets of shooting a good portrait?

"For me, the whole process is a little like reaching deep down inside and pulling myself inside out. You should learn all you can about your subject beforehand. Then you wait until he relaxes into a position that seems perfectly natural, and you yell, 'Hold it! Don't move or I'll kill you!'"

"A good portrait has to be, first of all, a good photograph. Otherwise it doesn't mean a damn thing. You have to keep your mind constantly open for ideas. And, of course, you keep alert to happy accidents and follow them through. Didn't Sir Alexander Fleming say, about discovering penicillin, that his whole life had been aimed toward that one accident?"

"Though," he says parenthetically, "they come the best accidents always happen to the best photographers."

"Most important of all, you've got to like people. Which means also disliking people. You've got to have a tremendous interest in them, which borders on love and hate. Because some of the greatest people in the world — artists, writers, musicians, actors, politicians — are stinkers. Picasso, for instance, was a cruel man. It was awful to watch him with his wife, Jacqueline — tantalizing her, embarrassing her. Then there was the time he was discovered in bed with his best friend's wife. I didn't

want him to think I disliked her, was all he said. I admired Picasso as a great, great artist, but I'm sure I wouldn't want him for a friend."

What does he think of the work of the younger generation?

"Right now things seem to be in limbo. Everyone seems to be sort of marking time, taking a deep breath. A lot of young people are fine photographers, but too derivative. I'm getting tired of going through magazines, seeing all these beautiful photos and everyone alike. No original ideas. What they don't seem to understand is that subject matter and technique are merely vehicles for something deeper."

"Like with operas. That corny thing about Mimi dying of tuberculosis in a garret — it still crushes you, because the music is so strong. I sit back and weep every time. Photography has to be like that. But I look at pictures today and so many of these beautiful things that are being done are so empty. It won't be long before some 22-year-old geniuses break loose. I'm sure, but it doesn't seem to be happening yet."

For the 13th successive summer, an ambitious photography festival is being held in Arles, featuring lectures by such masters as Ansel Adams, Agnes Varra and Martine Franck. Workshops in landscape, portrait and video photography and photojournalism are scheduled through Aug. 21. Exhibitions in the Musée Réattu and the Galerie Arena continue through September. For further information, write Rencontres Internationales de la Photographie, 16, Rue des Arènes, B.P. 90-13200 Arles, or telephone (90) 96.76.06.

## Ghosts Astonishingly Alive

by Michael Gibson

PARIS — Most portraits appear to be suspended in a hazy zone between art and life, belonging fully to neither.

There are those, of course, that strike us instantly as great art (think of Van Eyck, for example, or Rembrandt) while others cannot claim to be more than a family keepsake with the faintest of magic overtones. But the great majority seem to lurk in a world in between, a sort of limbo from which they cannot emerge as they hang, unnoticed, from the walls of a museum or a private home.

That is why an exhibition such as "Italian Portrait Painting in the Days of Tiepolo" (Petit Palais, to Sept. 5) turns out to be so unusually significant. What we discover here is an assembly of 85 figures portrayed by 55 artists, all of them belonging to the 18th century.

One might have an unfavorable preconception, precisely because the whole thing can suggest an assembly of ghosts — of beings who are no longer alive but who cannot quite succeed in dying — or even worse, perhaps, an art historian's arid fancy. But these notions are quickly dispelled, for these ghosts are astonishingly alive and they come from all walks of Italian life: some kings and oobles, quite a few artists, wealthy burghers, musicians, intellectuals, men of the cloth, and men, women and children of what one then called *il popolo*.

No single painting in the collection touches me as "pure art" the way that, say, Rembrandt's portrait of Hendrickje or his Jewish Bride does. The reason for this is that Rembrandt somehow divests his subjects of social frills and presents them in the full intensity of their humanity. This does not mean that the Jewish Bride and her future husband are not socially defined by the clothes they wear, but thanks to Rembrandt's art the signs of wealth themselves merely appear to heighten the couple's tenderness and solemnity, until that is all that strikes us, as though we were looking at a lion and his lioness in an attitude of dignified affection.

The Italian artists, for all their outstanding quality, are none of them so utterly transcendent level, but that is precisely what makes them interesting to the viewer today. They are much too deeply involved in the social complexities of their time and its peculiar rhetoric to be concerned with their subject's humanity. They are clearly concerned with his, or her, lusts and vulnerability but they are also fascinated by the person's social destiny.

The result is that the viewer walks out of the show with the same sort of feeling he can get from having seen a first-rate historical film — Rossellini's "La Frise du Pouvain" or Louis XIV, for instance, or Ettore Scola's "La Nuit de Varennes" where actors in period costumes are suddenly changed into flesh and blood.

The show's variety is due in part to the fact that the artists come from at least nine cities — Bergamo, Milan, Genoa, Parma, Bologna, Venice, Florence, Rome and Naples — and that their style and technique are geographically conditioned. But it is also due to the extreme diversity of conventions that are brought into play, as well as their occasional absence in more intimate and informal works.

Ghislandi's portrait of Count Giovanni Secco Suardo is characteristic in many respects. Here is a young man depicted as arrogant, sensual, sure of himself and with a certain habit of command. His right hand rests self-assuredly on his hip and his left forearm rests on a



Count Giovanni Secco Suardo by Ghislandi.

wall in a distinguished variant of a young hawker's macho pose. All that is conventional enough and we can suspect that if the count does not show many outward signs of his inner life, he probably has an abundance of outer life.

But the whole conventional structure is shaken by the appearance of another figure behind the wall — the count's old servant portrayed at his side, standing a little lower and a step behind. The count stares the viewer straight in the face; the servant, like an affectionate bodyguard, seems to have spotted a pickpocket in the crowd and to be keeping an eye on him.

Some portraits — perhaps most of them — gain in interest when we know something about the subject's history. This is true of Amigoni's portrait of Carlo Broschi, known as *il Farinelli*. Broschi was a popular castrato singer who played a historical role by persuading the neurotic King Ferdinand VI of Spain once more to take part in the affairs of state. Broschi remained at the court until the king's death and each night sang the same aria that charmed the king out of his painful melancholy the first time he heard them.

The portrait itself — another in the show, by Corrado Giaquinto, is full of pomp and flourish — shows Broschi looking out at us with a hint of irony and good-natured humor.

Among the artistically most successful works there is Alessandro Loochi's portrait of Giulio Contarini, whose bright-eyed sagacity is tempered by the unusual dominance of blue, which covers the painting in its harmonic changes. Longhi also produced an almost-comic portrait of a playfully pompous high official of the Venetian republic, Giambattista Tiepolo is represented by four works, including a theatrically dramatic portrait of a man of letters, Antonio Ricciboni, who looks up from his book; his head turned towards the viewer, as though the visit rather disturbed him.

Not all these portraits are equally interesting because in some cases the filter of convention has the same effect as a soft-focus filter in a David Hamilton photograph. But even these works are an interesting part of the exhibition, precisely because they allow us to guess at the conventional values of the day and the social class in question.

The merits of the show are numerous, but perhaps the most interesting is that it brings the Italian 18th century alive in its astonishing diversity, stripping away from the visitor's lazy imagination all the stereotypes with which we too easily overlay all that is remote from us in time and space.

# From the '60s, When Everything Went Pop

Edie: An American Biography  
by Jean Stein.  
Edited with George Plimpton.  
Alfred A. Knopf, 455 pages, \$16.95.

by Rhoda Koenig

NEW YORK — Start with the pictures if you don't remember who Edie Sedgwick was. There is the turn-of-the-century portrait of four sisters in satin ball gowns; the most beautiful one, Mary Minnium, would later become Edie's grandmother. Then there is the photograph of Edie's father, Francis, reading to his adoring family in a living room decorated in early Jane Wyman on the 3,000-acre California ranch. Farther on, we come to Edie's life in a film. Wearing a black leotard and panties, she sprawls on a bed, looking off at her director, Andy Warhol. A young man is coiled around her, presumably awaiting instructions. At the end is a photograph of Edie's headstone. That reads, EDITH SEDGWICK POST, WIFE OF MICHAEL BRETT POST, 1943-1971.

The subtitle of Jean Stein's book makes a claim for its being more than the story of a "healthy young drug addict." — Edie's phrase. "An American Biography." How that adjective has taken a beating! No longer does it mean freedom, generosity, promise; it sets us up for reverberations of sorrow and loss. "Edie" is not a tragic story, though, but a sad one — pathology, not poetry; its heroine had wealth and beauty, but her talent seems to have been negligible and her character nonexistent. Yet she is used effectively here as the symbol of a larger story. Jean Stein's chronicle focuses on Edie's unhappy parents, devoting their lives to avoiding reality, then spirals out to look at a time — the mid- and late 1960s — when everyone who could afford it did the same. Edie lived as if she believed the messages blasted at us from the TV screens and the slick magazines — that growing up was an option, that work was for people not clever enough to think of something else, that drugs killed only the poor. She had walked in on the party when it was starting to get hot, and she thought that it was all for her and that it would never end. That is American too.

Earlier Sedgwicks had planned their deaths more carefully than Edie did her life. Her uncle Minnium stocked up on simple pine coffins — testing his to make sure it was big enough — so that his family could be buried with tradition. Edie's great-grandfather, George Washington Sedgwick, was a friend of George Washington. He was chief justice of the Supreme Court of Massachusetts. Her great-uncle Elmer edited *The Atlantic Monthly* for a generation, and his daughter married John F. Marquand, author of *The Late George Apley*. Sedgwicks al-

ways had more breeding than money, but their sense of importance in the western part of the state was immutable and serene, as Marquand's son wistfully remarks, they believed "that on a summer's night in Stockbridge the crickets sing Sedgwick, Sedgwick."

The trouble began with Edie's father. He and a brother were delicate children (the brother died at prep school after catching pneumonia for the third time), so Grandfather Sedgwick moved the family to the warmth of Santa Barbara. But Southern California has never been famous for improving anyone's mental health. Soon after Francis Sedgwick graduated from Harvard, he had two nervous breakdowns and was diagnosed as a manic-depressive. Between the two, however, he had found a bride — Alice de Forest, the daughter of a railroad millionaire. Her parents were willing, but the doctors were adamant: Alice must never have any children. Irrationally ran high on both sides of Edie's inheritance. Alice had eight.

Life on the Sedgwick ranch is reminiscent of the Mitford children's crazy existence in darkest Oxfordshire — the eccentric, explosive father; the withdrawn mother; the private mists and the private world and the general isolation from the rest of society. But what makes the Sedgwick story "American" in the sense in which Stein means us to take it is the example of bitterness and self-indulgence Francis gave his children. Disappointed in his expectations by some \$50 million (his father-in-law had lost most of his money in the Crash), Francis Sedgwick lashed out at his wife and children from a facade of invulnerable virility. A strikingly handsome man well into his 50s, he paraded about the ranch nearly nude to show off his well-disciplined, muscled body; he seduced all his wife's friends and neighbors, or tried to, or acted as if he had; he made advances to his son's girl friends, to his daughter's girl friends, and if they are to be believed, to his daughters. One son, in his third mental hospital, hanged himself. Another, after a similar tour, drove his motorcycle into the side of a bus. Edie fled.

In other circumstances — a family with more control or less money, a town with fewer opportunities for exhibitionism — Edie might have puttered along harmlessly. A generation or two before, she might have been kept in the parlor, or the attic, perhaps mated with some chinless wonder. A few years later, when work became the *sine qua non* of female self-respect, she might have immersed herself in a job, perhaps even creating or accomplishing something to give her a feeling of worth.

But after raising a little hell in her father's university town, she took it to New York, where she found it was a cash crop. Andy Warhol photographed her in black underwear for his movies; Vogue shot her in it for its fashion pages. Edie was applauded for going to parties in a black leotard and a white mink

coat, besieged for appearing in silver hair and a miniskirt. "She would walk in the back room of Max's Kansas City," Terry Southern recalls, "and everybody would whisper: 'Here comes Edie.'"

It now takes little perception and less courage to say what one would have been ridiculed for at the time: that Edie and the rest of the Warhol set weren't after life enhancement but oblivion. Shooting, snuffing, swallowing drugs of every description, they insulated themselves from feeling. "None of those people were able to reach an orgasm easily because of the quantity of drugs they were on at all times," says one of Edie's lovers. She took amphetamines to wake up and barbiturates to go to sleep, and when she fell asleep with a cigarette in her hand she would set fire to the mattress. She did that about 10 times. She liked cocaine too, and amphetamines with booze ("It's a good combination for a party. Not for an orgy, though"), and she liked a speedball best. That was speed and heroin, a shot in each arm.

"Edie" hasn't been written by Jean Stein. It is a compilation of segments from interviews with people who knew Edie and the other Sedgwicks in Cambridge, New York and California, to which she returned in 1968 after more than eight months in mental hospitals, the last three scrubbing toilets on Ward's Island. The hundreds of vivid recollections have been expertly dovetailed by Stein and George Plimpton into a swiftly flowing narrative, a 455-page gabbfest. Sadly, the method points up the triviality of Edie's life — nothing complex enough here for the author to describe or analyze in detail. Gossip was what Edie provided, and a marathon gossip is the form of her biography.

I think they went wrong in just two places — the very last quotation, which ends the book on a slightly too exquisite note ("Edie was a star who by mistake got incarnated into a human body"), and the use of the same remark by Gregory Corso to end two chapters. "You make these chicks into superstars," he accuses Warhol, "and then you go off into your own thing and you drop them... And look what happens to Edie!"

Plimpton and Stein seem to want us to share Corso's indignation. But Warhol wasn't running a mental hospital or a finishing school; he didn't put a gun to the girls' heads and shoot them full of dope. Crass and casual though Warhol may have been, he wasn't to blame for the fact that the chicks running as fast as they could from home were looking for another daddy to tell them what to do.



Edie Sedgwick.

spaced-out daughter of a wealthy family: "I can tell you, I'm nearly the last person in the world who would ever consider doing a sex scene for a movie in a rubber raft in the middle of an indoor swimming pool at the beach club." Diana Vreeland: "Edie had a wonderful look about her. Lovely skin, but then I've never seen anyone on drugs that didn't have wonderful skin."

In 1969, Edie was in the psychiatric ward of yet another hospital — the Santa Barbara one where she was born — after being arrested on a drug charge. There she met a fellow patient, Michael Post, who became fascinated by her and proposed two years later. Edie was game: "She told me she was ready to marry anyone as long as he could keep her in enough sleeping pills." A few months after their wedding she went to bed with her customary Quaaludes and Tuinals. She never got up.

"Edie" is a good book to read if you pine for the swinging '60s and sulk at having had to live through the boring '70s. Listen to those stories. Look at those eyes. There are worse things than being bored.

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# In Poland, an End To Asking Questions

by Victoria Pope

WARSAW — If the film "The Interrogation" had an identity stamp, it would say "made in Solidarity's Poland." And so it poses problems for Poland's martial-law authorities.

It's not that the movie describes the Gdansk shipyard strikes or the life of Lech Walesa. Set in Poland in the 1950s, it is the story of Tonja, a young cabaret singer who falls victim to the arbitrary abuse of power that became known as Stalinism. She is jailed, tortured and relentlessly questioned by the security police, who try to force her to confess to trumped-up charges. She never succumbs.

The boldness with which this often-brutal tale is told has the distinct markings of the Solidarity era when artistic freedom was greater than at any time in 37 years of Communist rule. Martial law, which began last Dec. 13, cut deeply into those liberties. Theaters were closed and films were withdrawn from distribution.

"The introduction of martial law naturally had a chilling effect," says a leading theater director. A Warsaw film director agrees, adding his own bleak assessment: "We are going back to a situation where we don't control anything."

"The Interrogation" was not quite finished when Poland's military regime took power from what had virtually become a people's movement under Solidarity and its leader, Walesa — Ryszard Bugajski, the director, shot the last scenes right after Dec. 13. The movie was edited by early March and presented to a panel to approve or reject its release. So far, the judges have delayed their decision, but their criticism of the film has been sharp. Bugajski, 39, fears it could be shelved for years. "I'm doing my best to save it," he says.

The jury, which is empowered by the Ministry of Culture to decide on the fate of the film, complained bitterly about the subject matter, adds Bugajski, who sat in on discussions after the screening. "They called it any 'anti' you could think of — anti-state, anti-socialist, vile."

Bugajski says one judge thought the most serious flaw of the film was that it expressed only the point of view of the prisoner, suggesting that the director was remiss for not explaining all the reasons the security police employed torture techniques. Another judge, according to Bugajski, commented that "We didn't use torture just for bad reasons, we had good reasons, too."

There is no doubt that "The Interrogation" would draw large audiences in Poland. It is the first East European film to focus on the security

police and the first offering a frank description of Stalinism. The period has been left so unexplored that one critic, discussing the film in private, called it "reparation for human outrage." He found the characterization of Tonja — a vacuous woman who grows valiant — a triumph. "This film is a reply to the total silence that ruled our times," the critic says.

Tonja, played by Krystyna Janda, is Bugajski's vehicle for portraying torture under Stalinism. She is beaten and berated, forced to drink a mixture of spit and vodka, and locked in a narrow cell that slowly fills with water. When one torture fails, another is introduced. Like Tonja, thousands of Poles were imprisoned without cause in the 1950s. Security was kept on a wartime footing, and thousands of Soviet military advisers were positioned around the country.

It's not just Bugajski's film that is breaking the silence about Stalinism. Felix Falks, an acclaimed Polish filmmaker, has directed "That Was Jazz," about the banning of jazz music in the 1950s. And Wojciech Marczewski made "Thrills," a film about the same era that won five awards at the Berlin Film Festival this year. Marczewski's film ran in Polish theaters for three weeks before it was withdrawn at the start of martial law.

All these films reflected the relaxation of censorship during the 16 months of the Solidarity trade union movement. Bugajski, a member of the Polish film unit headed by Andrzej Wajda, did not need to have his script approved by the Ministry of Culture. Only Wajda and other film unit leaders reviewed it — a bold departure from the strict control that has dominated the arts in East Europe. (While shooting a film in Paris, Wajda — best known for "Man of Iron" about the Gdansk shipyard strikes — heard about Bugajski's difficulties and responded with a scathing letter, defending the film as a "dazzling debut" and calling the judges "not competent to assess a cinematographic work from an artistic point of view.")

Still, some Polish officials have supported Bugajski. He says he learned that when colleagues from film units outside his own, including two directors, wanted to destroy the master print of "The Interrogation," the Ministry of Culture intervened.

What Polish filmmakers fear is a frontal assault on artistic expression, as occurred in Czechoslovakia after the Soviet invasion in 1968, when negatives of unlicensed films were destroyed and many artists were blocked from working. "Czechoslovakia became a creative desert," says a Polish director, Krzysztof Kieslowski. "It was catastrophic... We should draw conclusions from that."



## Complaints From On High

by Lili Deresiewicz

**C**OLOGNE — In 1966, under the knife of a Hamburg surgeon, a young woman submitted, at her own cost, to an unusual operation: Not for reasons of pain, infection or malformation, she had about 4 inches removed from the upper part of each leg. She simply wanted to be less tall.

The operation — actually several operations — succeeded and the young woman was reduced in size from 6 feet 5 inches to 6 feet 1 inch. Shortly thereafter, she moved to Berlin where she met and married a man who measures 6 feet 7 inches. Asked whether, she knew of her future husband's height, she would still have undergone the operation, she offered an unhesitating "yes." The woman finds life less complicated from her less-lanky height.

"Can you imagine never being able to stretch out in a bathtub?" asks Werner Schneider, a founder and now president of West Germany's Klub Langer Menschen (Tall People's Club). "If I buy one big enough, it costs me an extra 1,000 Deutsche marks. And then, if my wife and children are normal size, can you imagine the discomfort and waste of water in the extra-large tub? So I, and many like me, have little choice. We take showers."

Schneider is in Cologne recently among 600 participants at the 15th annual gathering of International Tall Clubs. They came from many countries besides West Germany — including Austria, Sweden, Switzerland, Denmark, the Netherlands and the United States — to discuss such problems as outside clothing and hard-to-find shoes, seating in public transport and the length of beds in hospitals and hotels.

"And above all, how to promote tall awareness among people where we are often the butt of stupid stories," adds Schneider, a former police officer who now devotes all his time to his club.

"Our groups exist to reduce self-consciousness on the part of our members and to carry on varied social activities," explains Heinz Keller, head of the Cologne club, the host for the meeting. The Cologne chapter is one of 19 in West Germany, the country with the largest membership — 3,000. "We run dances, go hiking and skiing together, meet monthly in a coffee house. Internationally we exchange tips on convenient vacation spots — places with over-size beds, high ceilings, etc."

The issue of beds became a serious one recently when a tall German, injured to a traffic

accident, was rushed by ambulance to a hospital that was unable to provide him with a bed that fit. After he had to be transported to another hospital, the incident received wide publicity on television.

Tall people in all countries are faced with common problems, participants at the conference agreed. For example, being tall is often a burden on the spine, and the owners of long bones frequently become patients of orthopedic clinics in their mid-30s. And outside clothing? "Royal sizes at royal prices" is how the offerings are described, although a number of European department stores have begun to sell clothes for the tall.

In 1982 an effort was made in West Germany to help the tall financially. A Bundestag representative proposed tax reduction for the tall, whose day-to-day expenses are larger than

"Imagine, at a dance, a woman sitting all cramped up, trying to make herself smaller. A man comes over to ask her to dance, and she rises in all her glorious length, towering over the man. He does not back out, but he will not ask her again."

normal. But the suggestion was ridiculed by those who said special consideration would then have to be given to the short and the fat.

In the United States, special outside clothing shops exist in almost every large city, according to D.W. Prindle, the 6-foot-2-inch past president of the Golden Gate Tip Toppers of San Francisco. The tallest man in Prindle's club comes close to 7 feet. The tallest man he can recall was Don Koshler, the recently deceased president of the Paramount Club of Chicago, who made the Guinness Book of Records with his 8 feet 2 inches.

The first club for tall people in America was founded in Los Angeles in 1938 and was open

to men measuring at least 6 foot 4 and women 6 foot 2. Today there are 40 clubs with an estimated 2,000 members in the United States and Canada. The Netherlands, which is said to have the tallest overall population in Europe, has 61 members in a club formed last December. While the Zurich-based Swiss club boasts a membership of 180 recruited over the last 20 years, Sweden's King Size Club, in existence for 17 years, has 400 members in its Stockholm and Göteborg chapters, and 250 Danes belong to the Copenhagen De Høje Klub. The only such club in Eastern Europe is in Prague, with 300 members, who are not permitted to participate in meetings in the West. One of the oldest and most active groups is the Austrian Longinus Klub with 600 tall men and women in Vienna. Linz and Salzburg. Linz will be the site of the 16th international meeting next May.

According to the Bureau of Statistics, the West German population has grown at an average of close to 2 inches in the last 10 years. There are still more tall men than women: of 700,000 tall Germans, 502,000 men have reached 6 feet 4 inches or more, while 189,000 women have grown to a height of 6 feet — the European norms for the tall.

Turning to a special problem of the very tall woman, Schneider illustrates a social difficulty. "Imagine, at a dance, a woman sitting all cramped up, trying to make herself smaller. A man comes over to ask her to dance, and she rises in all her glorious length, towering over the man. He does not back out, but he will not ask her again."

"Although we cannot consider a marriage club," he continues, "we have had 500 marriages in our clubs — that is, 1,000 members in our clubs — that is, 1,000 members in our clubs."

A major problem can be the height of children of tall parents. To prevent the possibility that such children grow even taller than mother or father, a hormonal treatment is administered in some cases. The treatment is still in the experimental stage. Another method is the kind of operation the young woman underwent in Hamburg.

While few, if any, people will reach the legendary height of the biblical Goliath (9 foot 8) or of the tallest man to date, Robert Pershing Wadlow of Alton, Illinois (9 feet), people in general are getting taller, the experts say. Are there advantages to being tall? Astrid Schumacher, in a dissertation for the Anthropological Institute of the University of Hamburg, discovered that tall people have greater chances for employment and promotion simply because they are tall. "And," says Schneider with a laugh, "we can see from anywhere in a concert hall or theater."

## The Art Market: Decline in London

by Soren Melikian

**L**ONDON — The question is no longer whether prices are dropping on the international art market but to what extent and for how long. A drastic reappraisal is only just beginning.

At Sotheby's sale of antiquities from the Middle East and the Mediterranean world this week, striking shifts in relative values could be observed. Glass, which reached absurd heights at the sale of the Constable-Maxwell collection in June, 1979, was the first casualty. Prices have gone down by 50 percent or more.

Contrary to the much-repeated axiom in the trade, outstanding pieces are just as badly affected as medium-to-lower-range works of art. Two important objects offered here this week had actually been acquired at the Constable-Maxwell sale. A ribbed bowl of amber-colored glass datable to the first century was remarkable for its large size, seldom found in east-glass specimens. Sotheby's experts gave it an estimate of £5,500 to £7,500, based on the 1979 price — £5,000. The bowl was sold to Mo'tamed, a Frankfurt-based dealer, for £2,889.

The other Constable-Maxwell piece to the sale was bought in a fourth-century ewer from Syria. It has an intriguing miniature vase rising from the center of the base inside. It was sold at £7,200, far below the £11,000 knockdown price — £12,265 with the sale charge — of 1979.

Several top-quality specimens of ancient glass fared just as poorly as the Constable-Maxwell objects. The most spectacular case was a beaker with a molded design of vines, dated by the cataloger to the first century. The selling price, £6,132, to Mo'tamed, was half the estimate. Only one important glass object — a splendid flask with irregular trails, or low-relief linear designs, of which no other instance has been seen at auction so far — fetched its estimated price, £11,500, paid once again by Mo'tamed.

Significantly, the havoc lower down in the financial scale was comparable. A very pretty ewer, obviously Syrian, stopped at £334.50 — estimate £450 to £650. A little later, the masterpiece in the lower-priced categories, a bowl with swirling ribs, also remained unsold at £500. The pre-sale estimate, £800-1,200, suggests a reserve price of about £650, which is unlikely to be met these days.

Much the same applies to the bronzes of the second and first millennium B.C. from Luristan, the western Iranian province. Piece after piece remained unsold far below the estimates, suggesting that cutting down reserves roughly by half is required if business in this line is to continue at auction.

More significantly, there were serious warnings in the Egyptian field, which has long been the most prosperous area in the antiquities market. Prices often failed to reach the lowest estimates, which reflected exaggerated ambitions stemming from recent speculation. Quite a few lots accordingly remained stranded. A bronze group of Isis seated with the infant Horus on her knees was bought in at £11,000 — pre-sale estimate £15,000-18,000. A bronze figure of a seated cat fell at £3,000 against a £4,500-6,500 estimate.

Now, if ever, is the time to buy.

by Michael Brenson

**N**EW YORK — The 20-year boom of the New York art market, when there seemed to be a buyer for the work of every artist and when dealers and auction houses broke their sales records virtually every month, is apparently over.

Reportedly, fewer customers, showing fewer artists and selling fewer works. Because business has slowed and purchasers are taking longer to pay for what they buy, some dealers are for the first time talking about charging interest on long-term payments.

A few dealers and some artists, of course, continue to thrive. Many old master paintings, Cézannes, Picassos and the work of established artists continue to hold their value and indeed set sales records.

The decline in the art market parallels the setback suffered by Sotheby's, the auction house, whose success was a barometer of the prosperity of the art world. A 25-percent drop from the 1980-81 record of \$610 million to sales recently forced Sotheby's to abandon its elegant Madison Avenue showrooms and headquarters.

Christie's, the chief rival of Sotheby's, has also reported a drop of 10 to 15 percent from its \$320-million sales in the previous year.

Paul Stanley, publisher of the monthly magazine Art in America says there has been a sudden decrease in U.S. gallery advertising, which his magazine has had to make up for by soliciting ads from European dealers.

The point at which the New York art world really began to feel a pronounced recession was last fall. Between October and January of 1982, the yield from treasury bills rose from 10 to nearly 15 percent, which made investment in art and other collectibles less attractive. Another factor was the 1981 tax law, which, as of January, 1982, penalized the investment of tax-deferred retirement funds in art or antiques. Previously, such investments had been tax exempt.

Tight money has had an effect on auction houses beyond the drop in sales: Sotheby's has had to lay off 25 percent of its 2,000 employees worldwide. As for the art galleries, a promi-

nent museum curator familiar with the U.S. art scene says, "It has been a pretty bad year."

Although gallery dealers are notoriously protective and reluctant to say anything that would impede sales, many report having heard tales of "disaster" from their colleagues. Even successful dealers are uncertain about the coming season.

A SoHo dealer, Paula Cooper, says: "The art world has been in such flux the past year. I don't know what next season will be like. Some dealers are relatively confident about their difficulties. Virginia Zabricka, who controls the estates of such 20th-century sculptors as Alexander Archipenko and Elie Nadelman, says this was the first time in 27 years that her gross did not improve over the previous year."

Cash-flow has become a serious problem. Buyers are not only asking to pay more slowly, but, more than before, they are not meeting their commitments.

Those who trade in art are not the only ones affected by the decline. Artists who do not have a strong following are sure to suffer. Many dealers explain they can no longer show the work of commercially unsuccessful artists.

Because of soaring rents many dealers may have to follow Sotheby's example and move to less-expensive quarters. Virginia Zabricka, who pays \$5,000 a year for her Paris gallery, a block from the Pompidou Center, is being asked to pay \$120,000-a-year rent for her 57th street gallery in New York.

Perhaps nothing is more surprising than dealers' talk of charging interest at a figure close to that charged by banks. Art dealing has always been "a gentleman's profession," says a SoHo dealer, John Weber. But at least one dealer, citing the need to continue building inventory, has already decided to charge a high rate of interest on long-term payments.

Sylvan Cole, director of Associated American Artists, believes in the gallery in its present form in the United States is being thrown into question. He feels the "public commercial gallery" has become so complex and expensive — with its costs, advertising and staff — that he wonders if "the whole system of art dealing is not going to change."

Meanwhile, many well-established dealers and galleries such as Knoedler, Xavier Fourcade, Wildenstein and André Emmerich, which have in their collections the work of critically and financially successful artists, see another side to the picture.

## Around Galleries in London

by Max Wykes-Joyce

**L**ONDON — After the major exhibitions of Indian art in London, it is now the turn of the Japanese and Chinese.

At Colnaghi Oriental Michael Goodharts, 14 Old Bond Street, W.1, to July 16 is a Summer Exhibition of Japanese Works of Art. It consists of 27 items, of which half are hanging scrolls, mostly of the 18th and early 19th centuries, though one is much earlier, a "Landscape" in the Chinese tradition by Kano Tan'yu (1602-74).

The single woodblock print is a very early example, a votive image of "Chien, the Earth Deity," hand-colored, a product of the first quarter of the 15th century. Both the sculptures, too, are votive images: a "Bodhisattva on a Lotus Stand," a small wood carving still with traces of gilding, of the late 1100s, and a "Bodhisattva Head," also in gilded wood, of about 100 years later.

Among the six lacquer pieces are two fine Negoro bowls of the Momoyama period. Negoro is the temple where this brilliant polished red lacquerware is said to have originated. Its peculiar excellence in Japanese eyes is that the underlying black lacquer tends to emerge in gently irregular areas with use and time. Both these bowls have such small black areas.

Probably the most ornate object in this choice exhibition is a six-panel gold-ground screen, painted about 1700, portraying a "Scene from the Tale of Genji" but the most exciting work in the show is the exact opposite — a large earthenware jar dating from the Middle Yayoi period (100 B.C.-A.D. 100). Apart from a small patch of smoky black acquired in the firing, the only decoration on this jar, its color ranging between honey, silver sand and pale gold, is a cord motif at the neck, plus a simple pattern incised in the high vertical rim. It is hard to imagine anything more elegant or beautiful.

At Galerie 39, 4th floor, 39 Charing Cross Road, W.C.2, to Aug. 6 is a show of Prints by Eight Contemporary Japanese Artists. These include woodblock prints, at once vivid and subtle in color, by Rikio Takahashi, figurative rural landscapes by Kawada Kan and serigraph skyscrapers by Tetsuro Sawada.

The Curwen Gallery, the exhibiting arm of the prestigious Curwen graphics studio, opened its new premises at 4 Woodmill Street, off Charlotte Street, W.1, with an exhibition of Contemporary Japanese Works on Paper by three artists.

They are Shochi Ida, internationally famed for his mixed-media creations and here represented by a sequence of lithographs, all connected with the theme of water; Yuko Shirai, now studying painting in England, although he is showing etchings and drawings; and Kimio Tsuchiya, who makes abstract collages on acrylic-painted backgrounds. Work by all three,

and that of several other Japanese contemporaries, is to be seen in permanence at the Curwen.

A decade ago, the Hugh Moss Gallery, 12 Bruton Street, W.1, though specializing in applied arts, from time to time exhibited a living Chinese painter. Currently and until November (except August, when the gallery will be closed) it is mounting a Festival of Modern and Contemporary Chinese Painting and Calligraphy, which systematically explores recent developments to the Chinese painting tradition.

Showing until July 30 is Chen Qikuan, a painter born in 1921, trained as an architect and working much of his time in the United States. His ingenious use of the tall, narrow shape of the hanging scroll, the narrowness of which he further exaggerates, causes the spectator to reassess and revise all his visual norms.

At the Royal Academy of Arts, Burlington House, Piccadilly, W.1, to Aug. 29 is a show of 100 works, Chinese Traditional Painting: Five Masters. The earliest is Wu Changshuo (1844-1927), poet-calligrapher-painter of rocks and flowers, the latest Pan Tianshou (1897-1971) born in the traditional artist's province of Zhejiang.

With the work of Huang Binhong (1864-1955), a painter in the literati tradition, Fu Baoshi (1904-65) and Chen Zhen (1896-1952) the show exactly spans the century 1866-1966, after which the clammy grip of the Cultural Revolution suppressed traditional Chinese values for a decade.

## And Collapse in New York

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Nathan Kolodner of Emmerich, which includes in its stable Helen Frankenthaler and Anthony Caro, says that "for the last 2 to 2½ years have been a boom time. Business continues to be good, particularly for good things."

In a period of tight money, people want what they feel they can be sure of. Cassatt, Kandinsky, Stella and Louis are among the 19th- and 20th-century artists whose work was auctioned off at record prices during the 1981-82 fiscal year. There are waiting lists for big name younger artists like Julian Schnabel and Jonathan Borofsky in SoHo galleries.

One of the few things everyone in the art world seems to agree on is that the economic situation has made every part of the art world more selective. With the galleries and auction houses, being more selective means being more careful about what is accepted and what is put up for sale. With collectors it means buying more slowly and trying to be as sure as possible about what is bought. This explains why the middle and lower ranges of the New York market have begun to suffer while the top of the market continues to thrive.

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### Friday's NYSE Closing Prices

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(Continued on Page 10)

Sales figures are unaffiliated.  
 S—New yearly low. Y—New Yearly high.  
 E—E dividend or ex-rights. Y—E dividend and sales in full  
 Z—Sales in full.  
 cd—Called. wd—When distributed. wf—When issued. ww—  
 With warrants. ow—Without warrants. xs—Ez distribution.  
 y—In bankruptcy or receivership or being reorganized under  
 the Bankruptcy Act; or securities assumed by such companies.  
 Yearly highs and lows reflect the previous 52 weeks plus the  
 current week, but not the latest trading day.  
 Where a split or stock dividend amounting to 25 per cent or  
 more has been paid the year's high-low range and dividend are

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# Herald Tribune

## BUSINESS / FINANCE

SATURDAY, JULY 10-11, 1982

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### BUSINESS BRIEFS

#### GM to Modernize Antwerp Plant

BRUSSELS — General Motors Continental said Friday that it will invest 4.5 billion Belgian francs (\$96 million) in the next two years to modernize its Antwerp plant.

The company already has invested 10 billion francs in its Antwerp factory in the past two years. The plant, which produces Opel and Vauxhall autos, employs more than 12,000 workers.

#### Japan Consumer Electronics Slows

TOKYO — Japanese production of consumer electronic products in April registered the first year-on-year fall in three years, the Japan Electronic Industries Association said Friday.

April production — including stereo, tape recorders, color television sets and videotape recorders — fell 3.7 percent from a year before to 278.4 billion yen (\$1.08 billion). The total was up 0.5 percent from March, however.

Slow demand for consumer electronics products is expected to persist for months, the association said. But, it said, output of electronic products for industrial use — including computers, telecommunications systems and office automation equipment — in April rose 10.9 percent from a year earlier to 284.9 billion yen. Electronic parts output rose 7.5 percent to 285.1 billion yen, bringing total output of electronic products to 848.4 billion yen, up 4.6 percent from a year earlier.

#### Japan Expands Deep-Sea Mining

TOKYO — Japan has approved a measure designed to expand the supply of metals from deep-sea mining, the Natural Resources and Energy Agency said Friday.

The law allows the government to establish joint ventures with the private sector that will expand the scale of a mining project currently being run by the official Metal Mining Corp.

The government is drawing up plans for the creation of an official stockpile of 13 metals, including manganese, nickel and cobalt, for the equivalent of two months' consumption, the agency said.

#### Tootal Cancels Australian Sale

LONDON — Tootal Group has pulled out of the projected \$24 million (\$42 million) sale of its interest in Bradmill Industries of Australia, after intervention by the Australian National Companies and Securities Commission.

The commission's rule, which would forbid Tootal from investing the profit of the sale in its thread and knitwear businesses elsewhere in the world, was blamed by Tootal for delays that it said threatened to cause "unacceptable and commercial damage" to Bradmill.

It was announced that all agreements between Tootal and Bradmill Australia concerning the purchase by Bradmill of Tootal stockholdings in Bradmill Industries had been "rescinded by mutual consent."

#### Kobe Undecided on Aiding Wheeling

TOKYO — Kobe Steel Ltd. said Friday that it has postponed a decision on whether to help Wheeling-Pittsburgh Steel Corp. build a \$140-million seamless steel pipe plant. The Japanese concern, which has no facilities for making such pipes, announced in May that it had been asked to put up half the cost.

Kobe, Japan's fifth-largest steelmaker, sent survey missions to the United States in May and June to look into the U.S. seamless steel market and Wheeling-Pittsburgh's technical and financial conditions. Kobe said Friday that it would not be wise to decide on the matter immediately, because world demand for seamless pipes is falling rapidly.

#### Amstar to Suspend Sugar Refining

NEW YORK — Amstar Corp.'s American Sugar division plans to suspend indefinitely sugar refining at its Philadelphia plant, eliminating about 550 jobs.

The company also said Thursday that it plans to suspend beet sugar processing in Arizona. The moves reflect reduced consumption of sugar and rapid growth in the use of high-fructose corn syrup by industrial customers, Amstar said. The switch to corn syrup has resulted in excess sugar refining capacity. "We must reduce our capacity to remain competitive," the company said.

An Amstar spokesman said the moves will not produce any write-offs.

Compiled From Agency Dispatches



Malcolm Baldrige

#### U.S. Doubtful On Solving Steel Dispute

BRUSSELS — Commerce Secretary Malcolm Baldrige of the United States said Friday that he sees no easy solution to the dispute over European steel exports.

Mr. Baldrige said at a press conference that he makes no new proposals on the matter in talks here with the president of the European Economic Community Commission, Gaston Thorn, and the EEC industry commissioner, Etienne Davignon.

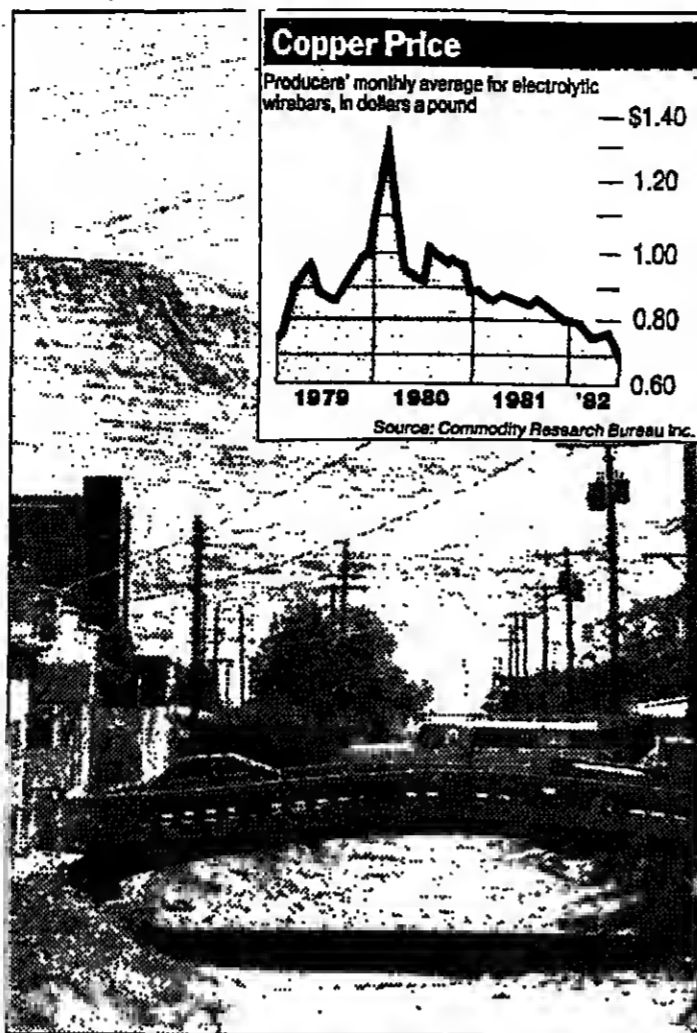
Since June, European steelmakers have had to pay provisional duties on imports to the United States, and an Aug. 24 deadline has been set for the Commerce Department to extend the payments.

Mr. Baldrige said any solution aimed at removing the provisional duties on that date must be reached in July to give U.S. steelmakers time to comment on the question.

Mr. Baldrige said pre-tax losses in the U.S. steel industry could total as much as \$1 billion in each of the final three quarters of 1982.

The complaints by the U.S. steel industry that led to the imposition of provisional duties last month center on government subsidies provided to European steelmakers. EEC sources said Mr. Thorn and Mr. Davignon told Mr. Baldrige that European steel subsidies, resented by the United States, are designed to encourage restructuring, not to cushion the industry.

But, during his press conference, Mr. Baldrige emphasized that European steel exports to the United States have held up strongly in the past year despite an overall fall in demand, which has caused layoffs at U.S. steelmakers.



Miami, Ariz., where Cities Service has a mine, is another town that is dependent on copper and is facing increasing layoffs.

#### Falling Copper Prices Put Squeeze on Miners

By Lydia Chavez  
New York Times Service

MORENO, Ariz. — Every day when he opens the newspaper, Art Windsor, who is a miner, turns to the financial pages, runs his fingers down the columns of black ink and stops at the price of copper.

It is a community ritual also performed by the saleswomen at the Pines Ladies Store, the manager of the bowling lanes, the county administrator in nearby Clifton and the chairman of Phelps Dodge Corp.

During the last six months, this daily spot-check has been stomach-wrenching. For in an era when corporations hedge their bets and conglomerates proliferate, Phelps Dodge and its 14,000 employees rely heavily on the single commodity of copper, a metal for which no one has paid break-even prices in nearly a year.

Most U.S. copper mines need 85 cents to \$1.25 a pound to break even, far more than the 68 cents a pound to which most producers lowered their prices recently. And prices on the Commodities Exchange, an indication of the trend, have fallen to around 60 cents a pound.

There is some hope in the industry that reduced inventories will help push prices back up to \$1 a pound or more by early 1983, but so far there is no indication in the level of orders that recovery will come that soon.

"Prices have been driven down to a level that none of us thought possible in previous times," said George Munroe, chairman of Phelps Dodge.

(Continued on Page 9, Col. 6)

#### Offer for British Sugar Is Raised

Compiled From Agency Dispatches  
LONDON — S&W Bedford, raising a two-year-old takeover battle, raised its offer Friday to £169.1 million (\$289.2 million), or £4.70 a share, for the 60 percent of British Sugar Corp.'s shares that it does not already own.

Bedford said it already has a conditional agreement to buy 6.3 million of the shares at that price from Rank Hovis McDougall.

British Sugar's chief executive, John Beckett, dismissed as far too low Bedford's latest bid, which values the sugar beet refiner's share capital at £282 million. He said he was amazed that Rank Hovis had agreed to sell its 10.5-percent stake for £4.70 a share.

British Sugar shares closed Friday at £4.60, down 10 pence.

Bedford, a food processor and commodities trader, made its first offer for British Sugar in May, 1980. That cash and share bid valued British Sugar at about £124.5 million, or £2.07 a share.

After a new bid was rejected in April, 1981, Bedford raised its offer the following month to about £3.35. At that point, Mr. Beckett declared, "Bedford is still trying to get us on the very cheap."

Bedford said Friday that its formal offer document will include an alternative consisting partly of shares.

If the takeover is successful, Bedford said that it plans to sell British Sugar's 14.7-percent holding in Rank Hovis when market conditions are favorable. Bedford said it saw no commercial justification for British Sugar's holding in Rank Hovis, which has attracted attention by developing new high-protein foods using advanced biotechnology.

Bedford said its shareholders must be reached in July to give U.S. steelmakers time to comment on the question.

Mr. Baldrige said pre-tax losses in the U.S. steel industry could total as much as \$1 billion in each of the final three quarters of 1982.

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must approve the agreement with Rank Hovis and the offer for British Sugar. This condition must be fulfilled before Aug. 10 in the case of the agreement with Rank Hovis, Bedford said.

A spokesman for British Sugar

said his company still hopes that the competition directorate of the European Economic Community will intervene, although the EEC in May provisionally ruled that Bedford's holding of 40 percent was not anticompetitive.

#### Italian Banks Plan Aid For Banco Ambrosiano

MILAN — Representatives of 25 major Italian banks agreed Friday on the outlines of a possible support operation for financially troubled Banco Ambrosiano, sources close to the meeting said.

Bank of Italy officials in Rome and a member of the government-appointed supervisory committee of Banco Ambrosiano declined comment, but said that whatever the meeting decided, technical details on the underwriting of Banco Ambrosiano's possible losses on overseas lending operations would take time to complete.

Banking sources said one possibility under discussion was the provision of a financial safety net to ensure adequate liquidity for Ambrosiano, whose overall loan risk exposure to third parties was estimated at more than \$1.4 billion at the end of 1981.

About \$1.27 billion of the total was lent by Ambrosiano to Latin American subsidiaries to Panamaria, a finance company, and to Banca Privata Italiana, which collapsed in 1974. Banca Privata, controlled by former Italian financier Michele Sindona, was put into forcible liquidation with losses of between 500 and 600 billion lire.

A source close to the central bank said Ambrosiano problems appear greater than those of Banca Privata Italiana, which collapsed in 1974. Banca Privata, controlled by former Italian financier Michele Sindona, was put into forcible liquidation with losses of between 500 and 600 billion lire.

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#### U.S. Money Supply Falls \$3.7 Billion

#### Stock and Bond Markets Stage Rally On Hope for an Easing of Fed Policy

Compiled By Our Staff From Dispatches

NEW YORK — The Federal Reserve Board, outdoing even the most optimistic expectations, reported late Friday that the U.S. money supply, M-1, fell \$3.7 billion in the week ended June 30.

Prices on New York stock and bond markets were sharply higher, as interest rates eased and traders began to see signs of the Fed easing credit.

The Fed, in reporting the decline of the money supply after the markets closed, also revised downward its figure for the previous week — a decline of \$2.5 billion rather than the \$2.2 billion drop reported last Friday.

Analysts had expected a decline in the money supply, but the farthest anyone had gone was to predict a fall of \$2 billion.

The Fed report came at the end of an optimistic day. The Dow Jones industrial average closed up 9.14 to 114.12, with about two-thirds of the gain coming in the afternoon. It was the highest closing point for the Dow average since June 3, when it finished at 116.50.

Advances led declines by an 11-to-4 margin, and volume rose to 65.9 million shares from the 63.3 million traded Thursday.

The NYSE rally started Thursday after Continental Illinois cut its broker loan rate to 15% percent from 16 percent. It gained momentum Friday morning when Chemical Bank and U.S. Trust also lowered their broker loan rate.

Changes in the broker loan rate often presage similar moves in the prime rate and late Friday afternoon Southwest Bank of St. Louis lowered its prime rate to 16 percent from the industry-wide 16 1/2 percent.

Analysts said cash-laden institutions came off the sidelines when the Federal Reserve injected funds into the banking system, an indication to many investors the board has decided to ease its credit policies.

Credit markets also continued to advance Friday fueled by expectations of an easing in the Federal Reserve's monetary policy may be under way, dealers said.

A drop in the federal funds rate to 13 1/4 percent from 13 3/4 at the opening and an average 13.86 percent Thursday helped support the gains, they said.

Long-dated bond prices added almost 1 point to Thursday's gains, leaving the 14s of 2011 at 103 1/4, up from 102 1/4, while Treasury bill yields were down another 12 to 30 basis points. This trading came before the Fed money supply report.

"There is a lot of speculation that the Fed is being more accommodative," said Daniel Napoli, head of government securities trading at Merrill Lynch Government Securities.

"Our economist scratches his head, grins, and says the Fed has not eased," one trader said. "But the marketplace has decided otherwise." Until late this week, many traders were convinced that the Fed would not make credit more plentiful in the banking system because of the fear of a large money supply increase in early July.

On the NYSE floor, increased activity by institutions was shown by the heavy trading in blue chip and heavily capitalized companies, the most popular institutional investments.

Active issues in that group included IBM, up 3/4 to 62 1/2, Exxon 1/4 to 26 1/2, ATT, up 1/2 to 5 1/2, Eastman Kodak 1 to 7 3/4, General Motors 1/4 to 44 1/2, and Caterpillar 1 1/2 to 66.

Caterpillar's tractor dropped 1 1/2 to 35 1/2. The company reported a drop in second quarter earnings to \$9.7 million from \$15.8 million.

Price of Gold Surges \$22.40 in New York

Compiled By Our Staff From Dispatches  
NEW YORK — Gold prices surged and the dollar declined Friday as traders responded to an apparent relaxing of the Federal Reserve's monetary policy.

The price of gold for delivery this month on the New York Commodity Exchange climbed \$22.40 to settle at \$345 an ounce.

In earlier trading, gold soared \$15 in Zurich to close at \$328.50 and \$13.50 in London to end the day at \$328.

Speculators worldwide who had been holding futures contracts to sell gold began buying to offset those commitments, sending the price of bullion sharply higher. Dealers also ended new buying by commodity houses.

One analyst noted that traders generally are more optimistic about prices. "A lot of background forces are coming together at the right time," he said.

Chief among those forces Friday was a decline in short-term interest rates. The rate on federal funds, which are overnight reserves that banks lend one another, was trading at around 12 1/2 percent Friday afternoon, down from an average of 13 1/2 percent Thursday after the Fed supplied reserves to the banking system for the sixth consecutive day.

There was speculation the Fed's easing was prompted by nervousness over the failure last weekend

of a relatively small Oklahoma bank, Bank Square Bank, which had loan arrangements with several major banks as well as credit unions and thrift institutions.

High interest rates, which add to the cost of financing gold positions and make holding dollars more attractive, have pushed down bullion prices for months.

The lower short-term rates pushed the dollar sharply lower in Europe and in afternoon U.S. trading.

The dollar was quoted at 2.4847 Deutsche marks in the early afternoon against the opening of 2.4930 and Thursday's closing at 2.4990.

The pound rose to \$1.7277 from the opening at \$1.7230 and Thursday's close at \$1.7205. The Canadian dollar strengthened to 1.2740 from the opening at 1.2665.

French Firms Receive Hong Kong Contracts

HONG KONG — Mass Transit Railway Corp. said Friday it has awarded contracts totaling 340 million Hong Kong dollars (\$57 million) to three French companies to supply and install equipment for the extension of the colony's subway system.

Cie. Generale d'Automatismes has won a 150 million dollar contract for automatic fare collection machines, and Construcciones Navales e Industriales de la Mediterranee is to make and install escalators under a contract valued at 128 million dollars. The third contract, valued at 62 million dollars, went to Alsthom Atlantique S.A. for a signaling system.

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French Firms Receive Hong Kong Contracts



Mano Said al-Oteibi, UAE oil minister and head of OPEC's market committee, sat with his delegation Friday.

#### Oil Ministers Seek A Package Accord

Compiled By Our Staff From Dispatches

VIENNA — Oil Minister Subroto of Indonesia said Friday that OPEC ministers here were negotiating a package on production, output quotas for member countries and pricing differentials.

Mr. Subroto was speaking to reporters after ministers from OPEC countries agreed to extend their meeting to Saturday. He said a committee of experts would try to resolve problems over differentials before the ministers' meeting resumed.

OPEC's secretary general, Marc Oguma, added: "We have a lot of work to do tomorrow."

Mr. Subroto said he could not yet say if the OPEC ceiling on total output would be raised from the current 17.5 million barrels a day to the actual present output of at least 18.2 million barrels.

Another issue dividing the ministers is pricing. Although the reference price is expected to remain at \$34 a barrel, the Saudis are pushing for a \$1.50 increase, to \$35.50, in the price charged by OPEC's African members for their high-quality crude. The Saudis argue that the African crude is underpriced and is thus drawing business away from other OPEC members.

The African nations, however, are understood to oppose an increase in their prices.

Earlier Friday, Iraq's oil minister predicted that OPEC will keep the overall output ceiling at 17.5 million barrels despite some members' failure to stick to their quotas. "The ceiling will not be raised," the Iraqi minister, Qasim Ahmed Tariq, told reporters through an interpreter during a break in the session.

Industry sources say Iran, Algeria, Libya and Nigeria have been producing oil in excess of their quotas, which were imposed last March to support prices.

Venezuela's oil minister, Humberto Calderon Berti, told reporters that if the production ceiling were maintained, quotas would have to be changed to accommodate OPEC members that have been producing more than their share.

At the opening of Friday's session, OPEC's current president, Eduardo Ortega of Ecuador, blamed weakening demand on "the continued manipulation of large inventories in consuming countries."

But the quota violations have set the stage for a potentially bitter dispute within OPEC over charges that some countries are selling surplus oil at reduced prices.

OPEC's 13 member nations agreed for the first time ever in March to set a production ceiling, 17.5 million barrels a day. Industry sources say overproduction by Iran, Algeria, Libya and Nigeria has raised OPEC production to more than 18 million barrels a day.

"We have to accept a reasonable leakage in the system," the United Arab Emirates oil minister, Mano Said al-Oteibi said Thursday. But, he added with a smile, "We don't want to get wet."

#### How Booms Start from Panic Lows

#### Dead Facts Induce Bottom-Area Sales as New Trends Begin

After declines lasting as many as 16 years, Zenith Radio has been in liquidation 75 points below historic highs because of flat TV set sales.

video games activities also have been designed to open new cable TV terrain. In a similar vein, IBM has been equipped because of softness in used equipment markets at the same prices where similar selling

excuses were seized upon 11 years ago as the System/360 was superceded by the 370. Overall volume has since quadrupled with entirely new thresholds industries having been launched, and IOG strategists see the stage for expanding just to catch up with interim improvement in circumstances and prospects. Where Texas Instruments has been liquidated and sold off aggressively because of Japanese competition and stiff layoffs, a transitional Japanese lead in a few small sectors of the market has been leapfrogged via the expenditure of \$300 million in research and development outlays. This company also is ready to launch new industries in areas obviously requiring the culture of capital not expected to upgrade capabilities. IOG technicians have developed long-term technical targets which could involve multiplication of equity. Similar rebounds are anticipated in shares of companies equipped to expand production of metals which will soon come into short supply because of capacity reduction resulting from terminal futures-market shakeouts. If you would like to begin understanding an expanding array of new growth prospects as markets complete new cyclical foundations, send the coupon for a series of complimentary weekly reports and IOG fund details.

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#### IS YOUR BANK SAFE?

Our newsletter was the first to predict a deflationary economy. Therefore, we recommended buying the US-dollar against Swiss Francs when the price was 1.45. Now the US-dollar has appreciated 50% against DM and Franc. Last year we recommended homebased puts when HAA was 300% higher. Our puts for Honeywell, Control Data, Litton, etc. showed gains of over 1,000%. Is Wall Street heading for a technical recovery, or is a sell-off ahead? Our recommendation for shorting the Swiss Franc in Chicago two months ago led to a gain of more than 200%.

A recovery for the world economy is not ahead. World debt is going up by \$200 billion this year. What comes after Poland, Rumania, Latin America? Are your time deposits in the Euro-Market in danger? Are bank stocks going down another 50%? If you do not want to lose money get the latest edition of our newsletter today. It is too expensive nowadays to lose more money.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Finanzwoche, Dr. Jens Ehrhardt,  
P.O. Box 900308, D-8000 Muenchen 90, Germany.

## Friday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

| 12 Month                | High | Low | Stock | Div. | Yld. | P/E  | High | Low | Close | Change |
|-------------------------|------|-----|-------|------|------|------|------|-----|-------|--------|
| (Continued from Page 8) |      |     |       |      |      |      |      |     |       |        |
| 3M                      | 100  | 98  | 3M    | 100  | 98   | 3M   | 100  | 98  | 3M    | 100    |
| 6M                      | 100  | 98  | 6M    | 100  | 98   | 6M   | 100  | 98  | 6M    | 100    |
| 9M                      | 100  | 98  | 9M    | 100  | 98   | 9M   | 100  | 98  | 9M    | 100    |
| 12M                     | 100  | 98  | 12M   | 100  | 98   | 12M  | 100  | 98  | 12M   | 100    |
| 15M                     | 100  | 98  | 15M   | 100  | 98   | 15M  | 100  | 98  | 15M   | 100    |
| 18M                     | 100  | 98  | 18M   | 100  | 98   | 18M  | 100  | 98  | 18M   | 100    |
| 21M                     | 100  | 98  | 21M   | 100  | 98   | 21M  | 100  | 98  | 21M   | 100    |
| 24M                     | 100  | 98  | 24M   | 100  | 98   | 24M  | 100  | 98  | 24M   | 100    |
| 27M                     | 100  | 98  | 27M   | 100  | 98   | 27M  | 100  | 98  | 27M   | 100    |
| 30M                     | 100  | 98  | 30M   | 100  | 98   | 30M  | 100  | 98  | 30M   | 100    |
| 33M                     | 100  | 98  | 33M   | 100  | 98   | 33M  | 100  | 98  | 33M   | 100    |
| 36M                     | 100  | 98  | 36M   | 100  | 98   | 36M  | 100  | 98  | 36M   | 100    |
| 39M                     | 100  | 98  | 39M   | 100  | 98   | 39M  | 100  | 98  | 39M   | 100    |
| 42M                     | 100  | 98  | 42M   | 100  | 98   | 42M  | 100  | 98  | 42M   | 100    |
| 45M                     | 100  | 98  | 45M   | 100  | 98   | 45M  | 100  | 98  | 45M   | 100    |
| 48M                     | 100  | 98  | 48M   | 100  | 98   | 48M  | 100  | 98  | 48M   | 100    |
| 51M                     | 100  | 98  | 51M   | 100  | 98   | 51M  | 100  | 98  | 51M   | 100    |
| 54M                     | 100  | 98  | 54M   | 100  | 98   | 54M  | 100  | 98  | 54M   | 100    |
| 57M                     | 100  | 98  | 57M   | 100  | 98   | 57M  | 100  | 98  | 57M   | 100    |
| 60M                     | 100  | 98  | 60M   | 100  | 98   | 60M  | 100  | 98  | 60M   | 100    |
| 63M                     | 100  | 98  | 63M   | 100  | 98   | 63M  | 100  | 98  | 63M   | 100    |
| 66M                     | 100  | 98  | 66M   | 100  | 98   | 66M  | 100  | 98  | 66M   | 100    |
| 69M                     | 100  | 98  | 69M   | 100  | 98   | 69M  | 100  | 98  | 69M   | 100    |
| 72M                     | 100  | 98  | 72M   | 100  | 98   | 72M  | 100  | 98  | 72M   | 100    |
| 75M                     | 100  | 98  | 75M   | 100  | 98   | 75M  | 100  | 98  | 75M   | 100    |
| 78M                     | 100  | 98  | 78M   | 100  | 98   | 78M  | 100  | 98  | 78M   | 100    |
| 81M                     | 100  | 98  | 81M   | 100  | 98   | 81M  | 100  | 98  | 81M   | 100    |
| 84M                     | 100  | 98  | 84M   | 100  | 98   | 84M  | 100  | 98  | 84M   | 100    |
| 87M                     | 100  | 98  | 87M   | 100  | 98   | 87M  | 100  | 98  | 87M   | 100    |
| 90M                     | 100  | 98  | 90M   | 100  | 98   | 90M  | 100  | 98  | 90M   | 100    |
| 93M                     | 100  | 98  | 93M   | 100  | 98   | 93M  | 100  | 98  | 93M   | 100    |
| 96M                     | 100  | 98  | 96M   | 100  | 98   | 96M  | 100  | 98  | 96M   | 100    |
| 99M                     | 100  | 98  | 99M   | 100  | 98   | 99M  | 100  | 98  | 99M   | 100    |
| 102M                    | 100  | 98  | 102M  | 100  | 98   | 102M | 100  | 98  | 102M  | 100    |
| 105M                    | 100  | 98  | 105M  | 100  | 98   | 105M | 100  | 98  | 105M  | 100    |
| 108M                    | 100  | 98  | 108M  | 100  | 98   | 108M | 100  | 98  | 108M  | 100    |
| 111M                    | 100  | 98  | 111M  | 100  | 98   | 111M | 100  | 98  | 111M  | 100    |
| 114M                    | 100  | 98  | 114M  | 100  | 98   | 114M | 100  | 98  | 114M  | 100    |
| 117M                    | 100  | 98  | 117M  | 100  | 98   | 117M | 100  | 98  | 117M  | 100    |
| 120M                    | 100  | 98  | 120M  | 100  | 98   | 120M | 100  | 98  | 120M  | 100    |
| 123M                    | 100  | 98  | 123M  | 100  | 98   | 123M | 100  | 98  | 123M  | 100    |
| 126M                    | 100  | 98  | 126M  | 100  | 98   | 126M | 100  | 98  | 126M  | 100    |
| 129M                    | 100  | 98  | 129M  | 100  | 98   | 129M | 100  | 98  | 129M  | 100    |
| 132M                    | 100  | 98  | 132M  | 100  | 98   | 132M | 100  | 98  | 132M  | 100    |
| 135M                    | 100  | 98  | 135M  | 100  | 98   | 135M | 100  | 98  | 135M  | 100    |
| 138M                    | 100  | 98  | 138M  | 100  | 98   | 138M | 100  | 98  | 138M  | 100    |
| 141M                    | 100  | 98  | 141M  | 100  | 98   | 141M | 100  | 98  | 141M  | 100    |
| 144M                    | 100  | 98  | 144M  | 100  | 98   | 144M | 100  | 98  | 144M  | 100    |
| 147M                    | 100  | 98  | 147M  | 100  | 98   | 147M | 100  | 98  | 147M  | 100    |
| 150M                    | 100  | 98  | 150M  | 100  | 98   | 150M | 100  | 98  | 150M  | 100    |
| 153M                    | 100  | 98  | 153M  | 100  | 98   | 153M | 100  | 98  | 153M  | 100    |
| 156M                    | 100  | 98  | 156M  | 100  | 98   | 156M | 100  | 98  | 156M  | 100    |
| 159M                    | 100  | 98  | 159M  | 100  | 98   | 159M | 100  | 98  | 159M  | 100    |
| 162M                    | 100  | 98  | 162M  | 100  | 98   | 162M | 100  | 98  | 162M  | 100    |
| 165M                    | 100  | 98  | 165M  | 100  | 98   | 165M | 100  | 98  | 165M  | 100    |
| 168M                    | 100  | 98  | 168M  | 100  | 98   | 168M | 100  | 98  | 168M  | 100    |
| 171M                    | 100  | 98  | 171M  | 100  | 98   | 171M | 100  | 98  | 171M  | 100    |
| 174M                    | 100  | 98  | 174M  | 100  | 98   | 174M | 100  | 98  | 174M  | 100    |
| 177M                    | 100  | 98  | 177M  | 100  | 98   | 177M | 100  | 98  | 177M  | 100    |
| 180M                    | 100  | 98  | 180M  | 100  | 98   | 180M | 100  | 98  | 180M  | 100    |
| 183M                    | 100  | 98  | 183M  | 100  | 98   | 183M | 100  | 98  | 183M  | 100    |
| 186M                    | 100  | 98  | 186M  | 100  | 98   | 186M | 100  | 98  | 186M  | 100    |
| 189M                    | 100  | 98  | 189M  | 100  | 98   | 189M | 100  | 98  | 189M  | 100    |
| 192M                    | 100  | 98  | 192M  | 100  | 98   | 192M | 100  | 98  | 192M  | 100    |
| 195M                    | 100  | 98  | 195M  | 100  | 98   | 195M | 100  | 98  | 195M  | 100    |
| 198M                    | 100  | 98  | 198M  | 100  | 98   | 198M | 100  | 98  | 198M  | 100    |
| 201M                    | 100  | 98  | 201M  | 100  | 98   | 201M | 100  | 98  | 201M  | 100    |
| 204M                    | 100  | 98  | 204M  | 100  | 98   | 204M | 100  | 98  | 204M  | 100    |
| 207M                    | 100  | 98  | 207M  | 100  | 98   | 207M | 100  | 98  | 207M  | 100    |
| 210M                    | 100  | 98  | 210M  | 100  | 98   | 210M | 100  | 98  | 210M  | 100    |
| 213M                    | 100  | 98  | 213M  | 100  | 98   | 213M | 100  | 98  | 213M  | 100    |
| 216M                    | 100  | 98  | 216M  | 100  | 98   | 216M | 100  | 98  | 216M  | 100    |
| 219M                    | 100  | 98  | 219M  | 100  | 98   | 219M | 100  | 98  | 219M  | 100    |
| 222M                    | 100  | 98  | 222M  | 100  | 98   | 222M | 100  | 98  | 222M  | 100    |
| 225M                    | 100  | 98  | 225M  | 100  | 98   | 225M | 100  | 98  | 225M  | 100    |
| 228M                    | 100  | 98  | 228M  | 100  | 98   | 228M | 100  | 98  | 228M  | 100    |
| 231M                    | 100  | 98  | 231M  | 100  | 98   | 231M | 100  | 98  | 231M  | 100    |
| 234M                    | 100  | 98  | 234M  | 100  | 98   | 234M | 100  | 98  | 234M  | 100    |
| 237M                    | 100  | 98  | 237M  | 100  | 98   | 237M | 100  | 98  | 237M  | 100    |
| 240M                    | 100  | 98  | 240M  | 100  | 98   | 240M | 100  | 98  | 240M  | 100    |
| 243M                    | 100  | 98  | 243M  | 100  | 98   | 243M | 100  | 98  | 243M  | 100    |
| 246M                    | 100  | 98  | 246M  | 100  | 98   | 246M | 100  | 98  | 246M  | 100    |
| 249M                    | 100  | 98  | 249M  | 100  | 98   | 249M | 100  | 98  | 249M  | 100    |
| 252M                    | 100  | 98  | 252M  | 100  | 98   | 252M | 100  | 98  | 252M  | 100    |
| 255M                    | 100  | 98  | 255M  | 100  | 98   | 255M | 100  | 98  | 255M  | 100    |
| 258M                    | 100  | 98  | 258M  | 100  | 98   | 258M | 100  | 98  | 258M  | 100    |
| 261M                    | 100  | 98  | 261M  | 100  | 98   | 261M | 100  | 98  | 261M  | 100    |
| 264M                    | 100  | 98  | 264M  | 100  | 98   | 264M | 100  | 98  | 264M  | 100    |
| 267M                    | 100  | 98  | 267M  | 100  | 98   | 267M | 100  | 98  | 267M  | 100    |
| 270M                    | 100  | 98  | 270M  | 100  | 98   | 270M | 100  | 98  | 270M  | 100    |
| 273M                    | 100  | 98  | 273M  | 100  | 98   | 273M | 100  | 98  | 273M  | 100    |
| 276M                    | 100  | 98  | 276M  | 100  | 98   | 276M | 100  | 98  | 276M  | 100    |
| 279M                    | 100  | 98  | 279M  | 100  | 98   | 279M | 100  | 98  | 279M  | 100    |
| 282M                    | 100  | 98  | 282M  | 100  | 98   | 282M | 100  | 98  | 282M  | 100    |
| 285M                    | 100  | 98  | 285M  | 100  | 98   | 285M | 100  | 98  | 285M  | 100    |
| 288M                    | 100  | 98  | 288M  | 100  | 98   | 288M | 100  | 98  | 288M  | 100    |
| 291M                    | 100  | 98  | 291M  | 100  | 98   | 291M | 100  | 98  | 291M  | 100    |
| 294M                    | 100  | 98  | 294M  | 100  | 98   | 294M | 100  | 98  | 294M  | 100    |
| 297M                    | 100  | 98  | 297M  | 100  | 98   | 297M | 100  | 98  | 297M  | 100    |
| 300M                    | 100  | 98  | 300M  | 100  | 98   | 300M | 100  | 98  | 300M  | 100    |
| 303M                    | 100  | 98  | 303M  | 100  | 98   | 303M | 100  | 98  | 303M  | 100    |
| 306M                    | 100  | 98  | 306M  | 100  | 98   | 306M | 100  | 98  | 306M  | 100    |
| 309M                    | 100  | 98  | 309M  | 100  | 98   | 309M | 100  | 98  | 309M  | 100    |
| 312M                    | 100  | 98  | 312M  | 100  | 98   | 312M | 100  | 98  | 312M  | 100    |
| 315M                    | 100  | 98  | 315M  | 100  | 98   | 315M | 100  | 98  | 315M  | 100    |
| 318M                    | 100  | 98  | 318M  | 100  | 98   | 318M | 100  | 98  | 318M  | 100    |
| 321M                    | 100  | 98  | 321M  | 100  | 98   | 321M | 100  | 98  | 321M  | 100    |
| 324M                    | 100  | 98  | 324M  | 100  | 98   | 324M | 100  | 98  | 324M  | 100    |
| 327M                    | 100  | 98  | 327M  | 100  | 98   | 327M | 100  | 98  | 327M  | 100    |
| 330M                    | 100  | 98  | 330M  | 100  | 98   | 330M | 100  | 98  | 330M  | 100    |
| 333M                    | 100  | 98  | 333M  | 100  | 98   | 333M | 100  | 98  | 333M  | 100    |
| 336M                    | 100  | 98  | 336M  | 100  | 98   | 336M | 100  | 98  | 336M  | 100    |
| 339M                    | 100  | 98  | 339M  | 100  | 98   | 339M | 100  | 98  | 339M  | 100    |
| 342M                    | 100  | 98  | 342M  | 100  | 98   | 342M | 100  | 98  | 342M  | 100    |
| 345M                    | 100  | 98  | 345M  | 100  | 98   | 345M | 100  | 98  | 345M  | 100    |
| 348M                    | 100  | 98  | 348M  | 100  | 98   | 348M | 100  | 98  | 348M  | 100    |
| 351M                    | 100  | 98  | 351M  | 100  | 98   | 351M | 100  | 98  | 351M  | 100    |
| 354M                    | 100  | 98  | 354M  | 100  | 98   | 354M | 100  | 98  | 354M  | 100    |
| 357M                    | 100  | 98  | 357M  | 100  | 98   | 357M | 100  | 98  | 357M  | 100    |
| 360M                    | 100  | 98  | 360M  | 100  | 98   | 360M | 100  | 98  | 360M  | 100    |
| 363M                    | 100  | 98  | 363M  | 100  | 98   | 363M | 100  | 98  | 363M  | 100    |
| 366M                    | 100  | 98  | 366M  | 100  | 98   | 366M | 100  | 98  | 366M  | 100    |
| 369M                    | 100  | 98  | 369M  | 100  | 98   | 369M | 100  | 98  | 369M  | 100    |
| 372M                    | 100  | 98  | 372M  | 100  | 98   | 372M | 100  | 98  | 372M  | 100    |
| 375M                    | 100  | 98  | 375M  | 100  | 98   | 375M | 100  | 98  | 375M  | 100    |
| 378M                    | 100  | 98  | 378M  | 100  | 98   | 378M | 100  | 98  | 378M  | 100    |
| 381M                    | 100  | 98  | 381M  | 100  | 98   | 381M | 100  | 98  | 381M  | 100    |
| 384M                    | 100  | 98  | 384M  | 100  | 98   | 384M | 100  | 98  | 384M  |        |

## Money Brokers, Clients Stung by Bank Failure

LOS ANGELES — On some days during the last year, William Goldsmith's clients bought as much as \$3 million in certificates of deposit from Penn Square Bank of Oklahoma City.

"It was a rapidly growing bank; it was a profitable bank," Mr. Goldsmith said in recalling why he and his Professional Asset Management company recommended the Oklahoma institution.

But this week, some of Mr. Goldsmith's clients found out that they may lose some of their deposits because of the bank's collapse.

And as a result, attention is being focused on Mr. Goldsmith and other "money brokers" — a relatively new, fast-growing breed of part-time salesmen, part-financial advisers who sell large CDs for banks and savings and loan associations.

Money brokers have been around for at least a decade but have burgeoned recently in an environment of high interest rates, recession and corporate cash-flow problems.

To stay afloat, corporations have had to borrow unusually high amounts in short-term loans. This demand for short-term money has in turn led banks and S&Ls to search aggressively for funds — often in the form of large CDs of \$100,000 or more — to fill the loan demand. Such jumbo CDs usually carry a higher interest rate, but amounts over \$100,000 are not covered by government-backed insurance plans.

Because of the demand for big CDs, the money brokers have found a growing demand for their services, often from smaller banks and S&Ls who have more difficulty attracting big deposits.

Penn Square, a relatively small bank, apparently needed more and more cash for its growing portfolio of loans to oil and gas producers, drilling rig operators and oil-service companies.

The large additional brokerage houses could have sold CDs for Penn Square, but by policy they normally sell only for the largest, most reputable banks, such as Bank of America and Citibank. In these cases, the size of the certificates is often in the multimillion-dollar range. Also, the brokers are often buy and sell CDs for their own accounts, whereas money brokers only sell certificates to clients on a commission basis.

Mr. Goldsmith said the volume of business he handled for Penn Square varied widely, but on some days it reached several million dollars.

At the other end of the spectrum, money-market funds, among the most popular investment for individuals, over the past two years, also were given a scare by the failure of Penn Square Bank.

Several large money-market funds said Thursday that they would curtail investments in uninsured debt and uninsured deposits of major banks that face big losses from the collapse of the Oklahoma City institution.

A number of money-market funds said the failure had rocked confidence in the financial industry of certain major banks — some of which already were being shunned by money managers as overly aggressive in their lending and weak in making full disclosure of problem loans.

"The credibility of the banking industry is a little bit on the weak side," said a credit analyst at one major money-market fund, who asked for anonymity.

Money funds — which have a total of about \$200 billion in assets — have emerged unscathed so far from the Penn Square affair. There have been no reports that any money fund had invested in securities or certificates of deposit issued by the Oklahoma bank. While a spokesman for the Federal Deposit Insurance Corp. said the agency does not know whether any money funds would be hurt, a Securities and Exchange Commission official said he doubted that any money funds were significantly involved.

## U.S. Regulatory Officials Knew Of Penn Square Troubles in '80

By Robert A. Bennett

New York Times Service

NEW YORK — U.S. bank regulators knew for more than two years that the Penn Square Bank of Oklahoma was in serious trouble but were unable to prevent its collapse last Monday, banking sources have said.

Early in 1980, the Comptroller of the Currency, the arm of the Treasury Department that regulates federally chartered banks, had placed Penn Square on a list of problem banks and ordered the bank's management and directors to correct the problems, the sources said Thursday.

Between the beginning of 1980 and the failure Monday, the sources said, Penn Square was subject to five examinations by the Comptroller's office, including the one that led to its closing. Yet, except for a short period, Penn Square's downward trend continued.

Although Penn Square had assets of about \$500 million, it had generated more than \$2 billion in loans to oil and gas operators in Oklahoma, which it then sold to banks elsewhere in the country.

The failure of many of these loans to be repaid appears to have been the main reason for the bank's failure. Several major banks, including Continental Illinois National Bank & Trust, the sixth largest U.S. bank, have reported that they will incur big losses as the result of the transactions.

In addition, other financial institutions — including more than 100 credit unions — had made deposits in Penn Square that exceeded the \$100,000 insurance provided by the Federal Deposit Insurance Corp.

Citing the likelihood of congressional hearings, the Comptroller of the Currency, C. Todd Conover, declined to comment on the issue. His predecessor, John G. Heimann, who resigned in May, 1981, to enter private business, was traveling and could not be reached.

Banking sources said that in early 1980 the Comptroller's office began to be concerned about Penn Square's loan sales. At that time, the bank was put on the Comptroller's problem list.

In addition to the loan sales, the sources said the Comptroller was concerned about other irregularities in Penn Square's operations. These included uncontrolled growth of Penn Square's own loan portfolio, insufficient liquidity and capital, an increase in problem loans, a huge concentration of loans to energy concerns and uncontrolled growth in contingent liabilities.

In August, 1980, the Comptroller entered a formal agreement with Penn Square in which the bank agreed to take specific steps to correct these problems. Regular progress reports were required.

An examination in September, 1981, indicated that the bank had shown some improvement and that it had come into "partial" compliance with its agreement with the Comptroller. Primarily, it had increased its capital position.

But an examination last March showed that Penn Square's position had "substantially deteriorated," the sources said. The examination found "significant losses" in Penn Square's own loans and in loans it had sold to others. In addition, the bank had become heavily dependent on money borrowed from other financial institutions and therefore was highly vulnerable to any loss of confidence within the banking industry.

## A.G. Becker Shuffles Top Team

New York Times Service

NEW YORK — Warburg Paribas Becker-A.G. Becker Inc., a New York-based investment company, has said that it has accepted the resignation of Ira T. Wender, president and chief executive. He will be succeeded by Daniel J. Good and John G. Heimann, whose titles will be co-chairman of the management committee, the firm said.

Mr. Wender's resignation, announced after a directors' meeting in Chicago Thursday, had been re-

ported since last week when the company disclosed that its two major European shareholders would exercise options to take control of the firm and increase their holdings to more than 50 percent from 40 percent.

The two European shareholders are S.G. Warburg & Co., a British merchant bank, and Compagnie Financière Paribas, a holding company recently nationalized by the French government.

The management change comes after Mr. Wender's announcement

## COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

### Japan

| Company                   | 1982    | 1981    |
|---------------------------|---------|---------|
| Matsushita Electric Works | 245,300 | 235,940 |
| Revenue                   | 6,891   | 6,851   |
| Profits                   |         |         |

### United States

| Company                   | 1982  | 1981  |
|---------------------------|-------|-------|
| United Telecommunications | 622.8 | 554.7 |
| Revenue                   | 45.4  | 39.1  |
| Profits                   | 0.56  | 0.66  |
| Per Share                 | 1.98  | 1.91  |
| Revenue                   | 1,100 | 1,100 |
| Profits                   | 93.3  | 122.7 |
| Per Share                 | 1.20  | 1.28  |

## Hard Times for Copper Country

(Continued from Page 9)

Dodge, the nation's second-largest copper producer — after Kennecott, a unit of Standard Oil of Ohio — and the largest copper producer in Arizona.

Phelps Dodge, known as one of the most efficient producers, shut down nearly all of its production on April 17 and laid off 3,800 workers in Arizona towns like Morenci and Clifton — towns that exist only because of the mines.

Other companies have also cut back, with layoffs reports in the state, which last year produced nearly two-thirds of the nation's 1.7 million tons of copper, coming in almost daily.

"It is quite obvious that if things continue as they are, it's just a matter of time before the whole domestic copper industry shuts down," said Thomas E. Scartozini, manager of Asarco's southwestern mining department in Tucson.

Already nearly 16,000 of the state's 26,000 copper workers have been laid off and many of the others are on short work weeks. Most of these miners live in hard-scrabble towns that are smack in the middle of nowhere — defined by the mine, with faded pink and brown main streets and concrete block houses.

While mining accounted for only 2.5 percent of Arizona's non-agricultural employment last year, three of the state's counties — Greenlee, Gila and Pinal — rely

on mining for up to half of all their jobs.

When Phelps closed its operations at Morenci in April, the unemployment rate in Greenlee County shot up to 58 percent and, according to Manuel Pera, Clifton's town administrator, it now stands at 67 percent, the highest in the nation.

The long recession — miners call it a depression — has taken a toll on the copper industry in lost revenue, delayed improvements and accumulated debt. It is a setback that aggravates the industry's long-term problems of low-grade ore bodies and fierce competition from foreign producers.

As for miners, the price slump has made them take a long, hard look at their dependency on copper.

Phelps Dodge last made a profit during the final quarter of 1981, when its operating earnings totaled \$1.6 million on sales of \$344 million. In the first quarter of 1982, it lost \$19.1 million on sales of \$278.3 million.

Its short-term debt grew from \$42 million at the end of 1981 to \$98 million at the end of the first quarter.

### Not Alone

"They are in terrible trouble," said George Cleaver, an analyst with Merrill Lynch, Pierce, Fenner & Smith. "They're going to lose a whole lot of money this year."

So will every other major copper company.

Copper is used by the utilities industry and in automobiles, appliances and houses, all of which consumers are reluctant to buy as long as interest rates remain high.

While a relatively bleak outlook for the industry has been accepted in some of the state's other copper towns, it is not easy to swallow at places like Morenci, where the pay is good, the rents cheap and the cash plentiful.

Morenci is about 30 miles off Highway 70 in southeastern Arizona.

At Morenci, most of the miners live in company housing, and pay \$100 to \$150 a month in rent. They are cared for at the company hospital, they bowl for \$1 a lane at the company alley, and they can swim and view movies at company-built facilities that are leased to a private operator.

When in Washington, D.C., meet me at Blackie's House of Beef. Adjacent to the Washington Marriott. OUR 36th YEAR.

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REPRESENTATIVE. Needed to act as liaison for us in the processing of these financing applications.

Ventura Capital Consultants. Investment Bankers. 16311 Ventura Blvd., Suite 999. Encino, CA 91436. Tel.: (818) 789-0422.

## LE FONDS DELTEC POUR L'AMERIQUE LATINE S.A.

Registered Office: LUXEMBOURG, 14, Rue Aldringen. Commercial Register Section B n° 6.177.

Shareholders are invited to attend the EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS to be held on July 20th, 1982 at 11:00 hours, at the registered office of the company, 14, Rue Aldringen, Luxembourg, with the following agenda:

1. To change the name of the Fund to "LE FONDS DELTEC INTERNATIONAL S.A."
2. To amend Article 1 of the articles of incorporation.

The Board of Directors.

### Chicago Futures

July 9

Wheat: 2.00 2.01 2.02 2.03 2.04 2.05 2.06 2.07 2.08 2.09 2.10 2.11 2.12 2.13 2.14 2.15 2.16 2.17 2.18 2.19 2.20 2.21 2.22 2.23 2.24 2.25 2.26 2.27 2.28 2.29 2.30 2.31 2.32 2.33 2.34 2.35 2.36 2.37 2.38 2.39 2.40 2.41 2.42 2.43 2.44 2.45 2.46 2.47 2.48 2.49 2.50 2.51 2.52 2.53 2.54 2.55 2.56 2.57 2.58 2.59 2.60 2.61 2.62 2.63 2.64 2.65 2.66 2.67 2.68 2.69 2.70 2.71 2.72 2.73 2.74 2.75 2.76 2.77 2.78 2.79 2.80 2.81 2.82 2.83 2.84 2.85 2.86 2.87 2.88 2.89 2.90 2.91 2.92 2.93 2.94 2.95 2.96 2.97 2.98 2.99 3.00 3.01 3.02 3.03 3.04 3.05 3.06 3.07 3.08 3.09 3.10 3.11 3.12 3.13 3.14 3.15 3.16 3.17 3.18 3.19 3.20 3.21 3.22 3.23 3.24 3.25 3.26 3.27 3.28 3.29 3.30 3.31 3.32 3.33 3.34 3.35 3.36 3.37 3.38 3.39 3.40 3.41 3.42 3.43 3.44 3.45 3.46 3.47 3.48 3.49 3.50 3.51 3.52 3.53 3.54 3.55 3.56 3.57 3.58 3.59 3.60 3.61 3.62 3.63 3.64 3.65 3.66 3.67 3.68 3.69 3.70 3.71 3.72 3.73 3.74 3.75 3.76 3.77 3.78 3.79 3.80 3.81 3.82 3.83 3.84 3.85 3.86 3.87 3.88 3.89 3.90 3.91 3.92 3.93 3.94 3.95 3.96 3.97 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## Breeding Reading By William Lutwiniak

**ACROSE**

- 7 Andrews or Maxwell, for short
- 8 Loved follower
- 9 Perdition
- 10 Nat or Natalie
- 11 "Dove sono" is one
- 12 Goes for
- 13 Overindulging
- 17 Cancel a dinner
- 19 Fencing spar
- 20 Madded
- 21 Rights.org
- 22 Crash, to the R.A.F.
- 23 Natural-gas component
- 24 Dismiss
- 25 Vol. V
- 26 — were
- 27 Indo-European
- 31 City NW of Nimes
- 32 Mexican statesman
- 35 Musical dir.
- 36 True-blue
- 38 Mil. man
- 41 Mystical formula
- 42 Squirrel away
- 43 Minn. headquarters
- 44 Vol. 1
- 45 C'seen
- 46 Vol. 1
- 49 Dishes out
- 50 Kind of energy
- 21 Solus
- 22 Coronet
- 23 Tell now
- 24 Men of letters
- 25 Particle
- 26 Elan piece

**DOWN**  
6 Erect  
7 Eye part  
8 Conform  
9 Part of a bird's bill  
10 Lag —

## BOOKS

**CHURCHILL AND DE GAULLE**  
By François Kersaudy. 476 pp. \$19.95.  
Atheneum, Vreeland Ave., Totowa, N.J. 07512

Reviewed by Stanley Hoffmann

SEVERAL books have been written about the stormy relations that existed during World War II between General de Gaulle and the U.S. president. Strangely enough, there was no comparable study of the relations between de Gaulle and the British, even though it was from England that he launched his famous appeal for French resistance on June 18, 1940, and even though the British were the first to recognize him as the leader of the Fighting French, providing him with a base and with supplies.

This gap has been almost filled by François Kersaudy's excellent book. Not quite so because he concentrates the relationship between de Gaulle and Churchill, which is not as complete a story as that of the relations between the Free French and the British.

On balance, Kersaudy throws more light on Churchill than on de Gaulle.

and to restore France's position in Europe — to reverse, as far as was possible, the debacle of 1940. De Gaulle, having waited in vain for more famous French leaders to call for resistance, soon came to see himself as the only valid custodian of France's interests. Churchill, without going as far as Roosevelt in dismissing the general's motives, came to see in him a "danger to European peace" and an enemy of England. Clashes were inevitable. The two men's hypersensitive personalities made them worse.

The fascination of the story and of the two main characters is not the only attraction of the book. Kersaudy lets the story speak for itself; while he often corrects the more or less debatable errors his two heroes made in their memoirs, he rarely editorializes, and he is scrupulously fair (as well as skillful in setting the stage in the early chapters that deal with the two men's careers before 1940, and with the dra-

July 9, 1982

sions or protectocrats (especially in the Near East), his dislike of Churchill's voluntary subordination to Roosevelt's wishes and priorities, his intransigence and his conviction that he was a poor, too devoid of power and resources to yield to the great states on whose policies France's fate depended, his relentless fight to defend French sovereignty, and to harness French resistance, all these are well known (thanks largely to de Gaulle). What was not so well known are Churchill's repeated attempts to remove de Gaulle from his position as premier, his efforts to undermine de Gaulle always out-manoeuvred — or the depth of anger which the general's methods provoked in Churchill, particularly during the four Franco-British crises over Syria and Lebanon (summer, 1941; summer, 1942; November, 1943, and spring, 1945). At the Casablanca Conference in January, 1943, where Churchill and de Gaulle tried to force a "shotgun marriage" between de Gaulle and General Giraud (America's favorite), Churchill was more indignant against de Gaulle than Roosevelt. Kersaudy also shows how important a role Churchill's foreign minister, Anthony Eden, played in maintaining the British position in London as a mediator between the troublesome general and the exasperated prime minister. And he points out that de Gaulle ultimately prevailed, largely because the course and the cause he defended were approved by British opinion, the British press and the British public.

Much of the book is highly entertaining: the two leaders often behaved like prima donnas (so did FDR). The pages that tell of the many maneuvers preceding journeys or invitations — what could be called the politics of symbolic protocol — are often as amusing as the more serious stakes behind these antics. Churchill appreciated de Gaulle's great enterprise, but he wanted a more docile ally, in order to remain free to have some relations with "fascist Germany" and to go on to have good ones with Roosevelt, who detested de Gaulle, and whose policy toward France was a horrid mix of high-handedness, contempt, willful ignorance and wishful thinking. De Gaulle, of course, fought in order to preserve France's position and her status, from the constant encroachments of his big allies, to prevent an Allied military government from running liberated France like an occupied

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- 41 Mystical formula
- 42 Squirrel away
- 43 Minh headquarters
- 44 Vol. 1
- 45 C'seen
- 46 Vol. 1
- 49 Dishes out
- 50 Kind of energy
- 21 Solus
- 22 Coronet
- 23 Tell now
- 24 Men of letters
- 25 Particle
- 26 Ellen piece

**DOWN**  
6 Erect  
7 Eye part  
8 Conform  
9 Part of a bird's bill  
10 Lag —

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YESTERDAY'S RAINFALL WAS A BIT ACID, WASN'T IT?

WHAT DO YOU EXPECT ME TO DO ABOUT THAT?

REPLACE MY UMBRELLA

RAINMAKER

RAINMAKER

© Phil Wit, 1988

7.10

SATURDAY NIGHT AND I DON'T HAVE A DATE!

WHAT ABOUT LINDA?

I'M NOT IN THE MOOD FOR LINDA

HOW ABOUT JAN OR LESLIE?

I'M NOT IN THE MOOD FOR THEM EITHER

WELL, WHAT ARE YOU IN THE MOOD FOR?

I'M NOT IN THE MOOD FOR ANY OF THEM

Baseman

IT'S A WASTE OF TIME, Y'KNOW - IT JUST ROLLS OFF 'EM....

MUCH AS I CAN TAKE! FIRST THING IN THE MORNIN' I'M PACKIN' MY BAGS AN' GETTIN' OUT-!!

GIVE A CHIP?

7-10

Panel 1: Bart Simpson stands in front of a construction site. A sign on the wall reads "AJAX WRECKING HELP WANTED". Bart says, "I WANT THE JOB".

Panel 2: Homer Simpson, wearing a hard hat and holding a shovel, asks Bart, "DO YOU HAVE, KID?".

Panel 3: Bart explains to Homer, "I'VE BEEN A VANDAL FOR SIX YEARS".

Panel 4: Bart is shown being thrown into a dumpster. A speech bubble from Homer says, "AND THE WAY WE HAVE TO GET UP WE CAN'T".

WHE? TO HAVE.

YOU SAY YOUR NAME WHE? CAUCUS.

JOAN. WHEA INTERESTING MEETING YOU.

MEETING TONIGHT. GUTTEN UP. KOPES UP.

© 1988 Garry Shandling

### JUMBLE.

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

**CROFE**

□ □ □ □ □ □ □ □

© 1979 by The Copyright Clearance Center, Inc.


**BAIDE**

□ □ □ □ □ □ □ □

**LIJIAN**

□ □ □ □ □ □ □ □

### DENNIS THE MENACE

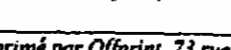


**TIPPUL**

Print answer here:

Jumbles: VAGUE DROOP FLORID CAUGHT  
Answer: An animal you wouldn't want to see cross your path--A ROAD HOG

WAS GIVEN AN OFFICIAL SEND-OFF.



I'M GONNA SIT HERE 'TIL I DIE... OR GET HUNGRY.

your path--A ROAD HOG

Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris

هكذا من ال

"I'M GONNA SIT HERE 'TIL I DIE.... OR GET HUNGRY."

SPORTS

Edler Drives Home 3 Runs As Mariners Defeat Orioles

SEATTLE — Dave Edler drove in three runs, and Bobby Brown and Terry Bulling scored twice each Thursday night, enabling the Seattle Mariners to defeat the Baltimore Orioles, 4-3, for their eighth victory in the last 10 games.

BASEBALL ROUNDUP

ning run in the bottom of the seventh. Bulling drew a walk off Mike Flanagan (6-8) with one out and, one out later, Julio Cruz also drew a walk. Edler then singled to shallow center field to score Bulling, who just barely crossed the plate as Cruz was being thrown out at third to end the inning.

Mike Moore (4-6) was the winner, scattering 11 hits in seven innings of work. He struck out five and walked just one. Bill Caullif got the last three outs to notch his 17th save.

The Orioles jumped out to a 3-0 lead after the first three innings. In the first, Rich Dauer, Ken Singleton and Eddie Murray singled for the Orioles, and then the second Gary Roenicke singled stole second and scored on a three-base throwing error by third baseman Edler on a grounder by Bum-bury.

John Lowenstein hit a homer, his 13th, in the third. Seattle came back in its half of the third to score twice. Bulling bunted and Brown singled. Cruz walked both men over and Edler bunted to score Bulling before Bruce Bochte doubled to score Brown.

The Mariners tied it in the fifth. Brown singled, and Cruz walked and the two worked a double steal. Edler again grounded out to score Brown.

A's 6, Yankees 3 In Oakland, Jeff Burroughs and

Tony Armas each drove in two runs in the first inning as Oakland beat New York, 6-3, behind the four hit pitching of Mike Norris. The victory was Billy Martin's 1,000th as a major league manager. Norris had a no-hitter until one out in the seventh when Oscar Gamble punched a single to center.

White Sox 3, Tigers 2

In Chicago, Jerry Hairston hit a two-run pinch homer with two out in the ninth inning to lift Chicago to a 3-2 victory over Detroit. Hairston's homer, his fourth of the season, came off Dan Petry (8-6). Lamarr Hoyt (11-7) was the winner.

Twins 3, Brewers 0

In Milwaukee, Kent Hrbek went 4-for-5 and Jack O'Connor (2-2) hurled seven scoreless innings to lead Minnesota to a 3-0 victory over Milwaukee. It was the first shutout against the Brewers in 137 games. Ror Davis registered his seventh save.

Red Sox 3, Rangers 0

In Arlington, Texas, Jerry Remy's single snapped a scoreless tie in the sixth, and Dwight Evans doubled added an insurance run to support Chuck Rainey (5-3) in a 3-0 triumph over Texas. Rick Honeycutt (4-9) was the loser.

Blue Jays 5, Royals 4

In Kansas City, Mo., Willie Upshaw's single capped a two-run rally in the eighth to give Toronto a 5-4 triumph over Kansas City. Dave Stieb (7-10) scattered seven hits in beating Kansas City for the third time in as many tries this season.

Angels 5, Indians 1

In Anaheim, Calif., Fred Lynn hit a three-run homer in the third.

and drove in another run with a groundout in the fifth to help California snap an eight-game losing streak with a 5-1 victory over Cleveland. Larry Sorensen (7-7) was the loser.

Giants 9, Mets 7

In the National League, at New York, Chili Davis got four singles in six at-bats, and drove in two runs as San Francisco beat New York, 9-7. Davis, a rookie center fielder, is riding a 14-game hitting streak while the Mets are suffering through a six-game losing streak, their longest of the season.

Pirates 9, Reds 8

In Pittsburgh, Willie Stargell's two-run pinch-hit homer ignited a Pittsburgh five-run rally in the last of the ninth as the Pirates beat Cincinnati, 9-8. Jason Thompson, named to the All-Star team earlier in the day, delivered the killing blow, a three-run double off Joe Price. The outburst came after the Reds had scored six runs in the top of the ninth to take an 8-4 lead.

Cubs 5, Astros 3

In Houston, Jody Davis drove in three runs with a bases-loaded double in the eighth inning to lead Chicago to a 5-3 victory over Houston. Dick Tidrow pitched the seventh inning in relief of Tom Filer to record his fourth victory in five decisions. Phil Garner homered for Houston.

Cardinals 5, Braves 2

In Atlanta, Tom Herr's two-run triple and George Hendrick's two-run double keyed a five-run eighth inning that carried St. Louis to a 5-2 victory over Atlanta. John Stimpert (4-1) allowed four hits in seven innings to get the victory with Doug Bair pitching the final two innings for his fourth save. Bob Horner hit his 18th homer for Atlanta.

Padres 5, Phillies 3

In Philadelphia, Ruppert Jones hit a two-run homer in the first inning and Garry Templeton and Luis Salazar also homered to power San Diego to a 5-3 victory over Philadelphia. John Montefusco earned his seventh victory in 11 decisions with Eric Show relieving in the eighth to gain his third save.

Expos 7, Dodgers 3

In Montreal, Warren Cromartie drove in three runs and David Palmer continued his mastery in Olympic Stadium to help Montreal snap a four-game losing streak with a 7-3 triumph over Los Angeles. Cromartie's two-run double in the fifth inning broke a 3-3 tie to help make a winner of Palmer (4-2), who won his 13th straight game without a loss at home.

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